

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

JANSSEN BIOTECH, INC.

Plaintiffs,

v.

CELLTRION HEALTHCARE CO., LTD.,
CELLTRION, INC., and
HOSPIRA, INC.

Defendants.

Civil Action No. 1:15-cv-10698

Civil Action No. 1:16-cv-11117

**MEMORANDUM IN SUPPORT OF DEFENDANTS'
MOTION TO DISMISS FOR LACK OF STANDING**

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Based on the three briefs Janssen already filed on this subject, it is clear that neither of Janssen's complaints against Defendants satisfied the "long-established rule" that "a suit for patent infringement must join all co-owners of the patent as plaintiffs." *Taylor v. Taylor Made Plastics, Inc.*, 565 F. App'x 888, 889 (Fed. Cir. 2014). Count 6 of Janssen's 2015 complaint and all counts of the 2016 complaint should be dismissed on this basis.

First, for named inventor Dr. Joseph Horwitz, Janssen is relying on a 1998 agreement with nearly identical language to an agreement the Federal Circuit has already ruled was *not* an assignment of patent ownership. In that case—which involved contract language Janssen admits is "the closest language" to Dr. Horwitz's agreement (Dkt. 471 at 5)—the Federal Circuit held that the agreement was merely "an agreement to assign" *in the future*, which "must be implemented by written assignment." *IpVenture, Inc. v. Prostar Computer, Inc.*, 503 F.3d 1324, 1327 (Fed. Cir. 2007). Just like in *IpVenture*—and numerous other cases finding no assignment—Dr. Horwitz's agreement is future-focused, stating, "I agree that I will ... assign to CENTOCOR," Janssen's predecessor, "at its request ... the entire world-wide rights to SUBJECT INVENTIONS" and "I will ... execute all documents necessary to carry out the above." Dkt. 446-3 at JANREM0098777. Dr. Horwitz did not "execute" any such assignment until *after* Janssen filed the 2015 lawsuit.

Second, although four other named inventors of the '083 patent did assign their rights before the 2015 complaint, they assigned them not to Janssen alone, but to the "COMPANY," which "*means* CENTOCOR *and* JOHNSON & JOHNSON *and*" other related entities. *E.g.*, Dkt. 414-4 at JANREM0098780. They did so in employee "secrecy agreements" that purposely defined "COMPANY" broadly to protect important interests related to confidentiality and competition that all of the companies shared. Janssen, however, argues that "COMPANY"

means *only Centocor*, directly contrary to the plain language of the agreements. Janssen argues that it would not have drafted an agreement that resulted in assignment of patent rights to a family of companies. But the agreements' plain language does just that, and the Court may not rely on Janssen's *post hoc*, litigation-driven statements about its unstated intent to "rewrite a contract for the parties better than or different from the one they wrote for themselves." *Kieffer v. Best Buy*, 205 N.J. 213, 223, 14 A.3d 737, 743 (2011). Because other J&J affiliates who are not parties to the case remained co-owners of the '083 patent before Janssen filed its 2015 complaint, Janssen lacks standing for Count 6 of the 2015 complaint. And although Janssen purported to execute assignments from the four inventors to Janssen after it filed its 2015 complaint, those documents were ineffective because the inventors at that point had no rights to convey. Accordingly, Janssen lacks standing for its 2016 complaint as well.

Janssen's positions in its several prior briefs on standing have been all over the map, as Janssen desperately tries to avoid dismissal and loss of its claim for lost profits. Initially, Janssen claimed that the 1998 Horwitz agreement was "unambiguous" (Dkt. 471 at 6); now it proposes that the Court look to, as purported extrinsic evidence, Janssen's own statements that it owns the '083 patent. *See* 2/8/17 Hearing Tr. at 74–77. And Janssen at one point told the Court that "even if Janssen's failure to join Horwitz is a defect in standing, this defect can be cured by joining Horwitz" (Janssen 2/7/17 bench memo at 2); then it did an about-face when it realized "that since Mr. Horwitz is no longer an owner" of the '083 patent, "it would be foolish" to try to add him to the case. 2/8/17 Hearing Tr. at 42:10–14. Likewise, Janssen originally argued that the employee secrecy agreements signed by the four inventors have a "plain and obvious meaning" and "are not" ambiguous (Dkt. 445 at 3, 8 n.4); now, Janssen proposes ambiguity and expects that there will be "extrinsic evidence on which [it] relies." Dkt. 487 at 2. Janssen is stuck making these

continually shifting arguments because there is no credible interpretation other than the agreements' plain meaning. The Court should interpret the agreements to mean what they say.

Because neither of the patent infringement actions Janssen has filed against Defendants asserting the '083 patent properly joined all co-owners of the patent, "this court must order dismissal" of Count 6 of Janssen's 2015 complaint and the entirety of Janssen's 2016 complaint. *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1468 (Fed. Cir. 1998).

I. Legal Standards

"Legal title [to a patent] vests initially in the inventor, and passes to others only through assignment or other effective legal transfer." *Taylor*, 565 F. App'x at 889. "[A] suit for patent infringement must join all co-owners of the patent as plaintiffs." *Id.* Where fewer than all co-owners of a patent are joined as plaintiffs in a case, "the suit must be dismissed for lack of standing." *Id.* (citing *Ethicon*, 135 F.3d at 1468). "The party bringing the action bears the burden of establishing that it has standing" and therefore subject matter jurisdiction. *Sicom Sys., Ltd. v. Agilent Techs., Inc.*, 427 F.3d 971, 976 (Fed. Cir. 2005). And "[c]hallenges to subject-matter jurisdiction can of course be raised at any time prior to final judgment." *Grupo Dataflux v. Atlas Glob. Grp., L.P.*, 541 U.S. 567, 571 (2004); *see also Mentor H/S, Inc. v. Med. Device All., Inc.*, 240 F.3d 1016, 1018–19 (Fed. Cir. 2001) (challenge to prudential standing not waived even if never raised in the district court). "If the court determines at any time that it lacks subject-matter jurisdiction, the court must dismiss the action." Fed. R. Civ. P. 12(h)(3).

II. Janssen Lacked Standing To Assert The '083 Patent In Its 2015 Complaint

Janssen's first complaint, filed on March 6, 2015, lacked standing at the time of filing for two reasons. *First*, one of the six named inventors of the '083 patent, Dr. Joseph Horwitz, had not assigned his rights in the patent to Janssen. Dr. Horwitz thus remained a co-owner of the '083 patent when Janssen filed the first complaint, but was not joined as a plaintiff. *Second*, four

of the six named inventors of the '083 patent assigned their rights to Janssen *and* a group of other companies. The other assignees were thus co-owners of the '083 patent when Janssen filed both its 2015 *and* 2016 lawsuits, although they are not plaintiffs in either action. Each of these deficiencies independently requires dismissal of Count 6 of Janssen's 2015 complaint¹

A. Janssen Did Not Join Co-Owner Dr. Horwitz

Dr. Horwitz did not assign his rights in the '083 patent to Janssen before Janssen filed its first complaint in March 2015. Janssen's only argument for a pre-suit assignment is a 1998 "Agreement Regarding Confidential Information and Inventions." Dkt. 446-3. The 1998 Horwitz agreement, however, is *not* an assignment. It is an agreement to assign rights in the future.

The important consideration is not whether Janssen had "*equitable rights*" to the '083 patent's purported invention, but whether Dr. Horwitz transferred "*legal title*" to Janssen before it filed its lawsuit. *See Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574, 1580 (Fed. Cir. 1991) (emphasis added). "[C]ontracts that obligate the owner to grant rights in the future do not vest legal title to the patents in the assignee." *Abraxis Bioscience, Inc. v. Navinta LLC*, 625 F.3d 1359, 1364–65 (Fed. Cir. 2010). The Federal Circuit has "consistently required that present assignments of future rights expressly undertake the assigning act at the time of the agreement, and not leave it to some future date." *Gellman v. Telular Corp.*, 449 F. App'x 941, 944–45 (Fed. Cir. 2011). If, "[r]ather than expressly undertak[ing] assignment at signing, [the agreement]

¹ Janssen complains about Defendants' "belated[]" challenge to standing (Dkt. 471 at 1), but has no basis to complain. The standing issue is of practical consequence to damages for the '083 patent, an issue which had been bifurcated by agreement. In any event, it is the *plaintiff's* responsibility to ensure it has standing as of the filing of the lawsuit, and throughout the case. It bears the burden of proving standing "at all stages of the proceeding" (*Crawford v. Lamantia*, 34 F.3d 28, 32 (1st Cir. 1994)), including, where standing is disputed, "[a]t trial." *N.A.A.C.P., Boston Chapter v. Harris*, 607 F.2d 514, 526 (1st Cir. 1979). It appears Janssen has been aware of the standing problem since the litigation began. Just 28 days after filing its first complaint, Janssen started executing new agreements with the named inventors purporting to assign their rights to the '083 patent to Janssen. Dkt. 446-5, 446-6, 446-7, 446-8, 446-9, 446-10. Rather than raise the issue then, Janssen attempted to paper it over with after-the-fact agreements that cannot retroactively confer standing.

expressly delays assignment to some future date,” the “correct ... conclusion” is that the agreement does not convey legal title. *Id.*

In the seminal Federal Circuit case *Arachnid*, for example, the agreement in question stated that “all rights [to inventions] will be assigned by IDEA ... to CLIENT.” *Arachnid*, 939 F.2d at 1576. The Federal Circuit held that “the ... agreement was an agreement to assign, not an assignment” because “its provision that all rights to inventions ... ‘will be assigned’ ... does not rise to the level of a present assignment of an existing invention,” and only “vest[s] the promisee with equitable rights to those inventions once made,” not “legal title to patents.” *Id.* at 1580–81. Like the agreement in *Arachnid*, the 1998 Horwitz agreement “does not rise to the level of a present assignment.” *Id.*

Dr. Horwitz’s agreement is substantively identical to multiple other cases in which the Federal Circuit has ruled that no assignment occurred, including *IpVenture*, which Janssen describes as “[t]he Federal Circuit case with the closest language to that of the [1998 Horwitz agreement].” (Dkt. 471 at 5):

| Agreement in <i>IpVenture</i> | 1998 Horwitz Agreement |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Such Proprietary Developments are the sole property of HP</i>, and <u>I agree:</u></p> <ul style="list-style-type: none"> a. to disclose them promptly to HP; b. <u>to assign them to HP</u>; and c. <u>to execute all documents and cooperate with HP in all necessary activities</u> to obtain patent, copyright, mask work, and/or trade secret protection in all countries, HP to pay the expenses. | <p>I agree that <i>all SUBJECT INVENTIONS are the property of CENTOCOR</i>, and <u>I agree that I will:</u></p> <ul style="list-style-type: none"> a. promptly and completely disclose to CENTOCOR all SUBJECT INVENTIONS; b. <u>assign to CENTOCOR</u>, at its request and without additional compensation, the entire world-wide rights to such SUBJECT INVENTIONS, to patent applications which may be filed and to patents which may issue on such SUBJECT INVENTIONS; c. <u>execute all documents necessary</u> to carry out the above; ... |

IpVenture, 503 F.3d at 1326 (finding no present assignment); Dkt. 446-3 at JANREM0098777. Janssen seizes on the language in the 1998 Horwitz agreement stating, “I agree that all

SUBJECT INVENTIONS are the property of CENTOCOR,” arguing that the language is “plainly a present transfer of ownership in the inventions to Centocor,” thus making the ’083 patent “the property of Janssen, Centocor’s successor.” Dkt. 471 at 2–4. But as can be seen from the table above, the agreement at issue in *IpVenture* had nearly identical “are-the-property-of” language, and the Federal Circuit nevertheless held that agreement was merely “an agreement to assign” *in the future*, which “must be implemented by written assignment.” *IpVenture*, 503 F.3d at 1327.

In fact, just like Janssen’s argument here, the district court in *IpVenture* specifically relied on the language “Proprietary Developments are the sole property of HP” and found that the agreement was an “immediate assignment of all inventions when they were made.” *Id.*; Dkt. 472-3 (*IpVenture, Inc. v. Prostar Computer Inc.*, No. 03-5780 (C.D. Cal. July 27, 2005)) at 16. And also like Janssen, the district court asserted “[i]t would not be possible to give meaning to the words ‘Proprietary Developments are the sole property of HP’ and still hold that the [employment agreement] was merely an ‘agreement to agree.’” Dkt. 472-3 at 16. But the Federal Circuit vacated the district court’s decision, holding that “the agreement tracks that of *Arachnid*, not that of *FilmTec* [*Corp. v. Allied-Signal Inc.*, 939 F.2d 1568 (Fed. Cir. 1991)]. The *FilmTec* usage ‘does hereby grant’ is not present; nor is the ... usage ‘hereby assigns.’” *IpVenture*, 503 F.3d at 1327. The Federal Circuit concluded that “[i]n accordance with *Arachnid* ... Hewlett Packard was not an assignee.” *Id.*

Janssen also relies on *Filmtec* and *DDB Technologies*, the very cases that the Federal Circuit in *IpVenture* found to be distinguishable. Those cases had decidedly different language than the 1998 Horwitz agreement, such as “MRI agrees to grant *and does hereby grant.*” *Filmtec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568, 1570 (Fed. Cir. 1991). Based on that

language, the Federal Circuit in *Filmtec* found “the contract between MRI and the Government did not merely obligate MRI to grant future rights, but expressly granted to the Government MRI’s rights in any future invention.” *Id.* at 1573. Similarly, the contract in *DDB Technologies* provided that the employee “‘agrees to **and does hereby grant and assign**’ all rights in future inventions falling within the scope of the agreement to” the employer. *DDB Techs., L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284, 1290 (Fed. Cir. 2008). “This contractual language was not merely an agreement to assign, but an express assignment of rights in future inventions.” *Id.*; *see also Speedplay, Inc. v. Bebo, Inc.*, 211 F.3d 1245, 1253 (Fed. Cir. 2000) (finding assignment where agreement provided “that Bryne **‘hereby conveys, transfers and assigns’ the inventions** to Speedplay.”). By contrast, no part of the 1998 Horwitz agreement states that Dr. Horwitz “does assign” or “does grant” or “hereby assigns” or similar.

Janssen also argues that the Federal Circuit in *IpVenture* “did not see the need to decide whether the district court’s construction of the contract was correct.” Dkt. 471 at 6; *see also* 2/8/17 Hearing Tr. at 74:20–75:11. Not true. The Federal Circuit quoted the pertinent language of the agreement at issue, including the clause stating that “Proprietary Developments are the sole property of HP,” discussed the district court’s interpretation of the agreement and its reliance on *FilmTec* and similar cases, noted the district court’s ultimate conclusion that the agreement was “an immediate assignment,” and then found that “the district court erred.” *IpVenture*, 503 F.3d at 1327.

Janssen attempts to distinguish *IpVenture* on the basis that the employer, HP, had stated, in a separate document subsequent to execution of the agreement in question, that “it ‘never has had any legal or equitable rights’ to” the patent at issue. *Id.* at 1326–27; *see* Dkt. 471 at 5; 2/8/17 Hearing Tr. at 74–77. The Federal Circuit found that HP, “by stating that it never had an interest

in the '235 patent, confirmed the situation as to that patent and removed the need to construe the employment agreement.” *IpVenture*, 503 F.3d at 1327. According to Janssen’s logic, HP’s statement that it did not own the '235 patent was evidence that it did not own the patent, and thus, Janssen’s representation that it does own the '083 patent is evidence that it does own the '083 patent. Dkt. 471 at 6. This argument is nonsensical. The employer’s statement in *IpVenture* was against its interest. Cf. Cmt. to Fed. R. Evid. 804(b)(3) (“the assumption [is] that persons do not make statements which are damaging to themselves unless satisfied for good reason that they are true.”). In contrast, “self-serving litigati[on] positions are entitled to no weight.” *Nat’l Fed’n of Indep. Bus. v. Sebelius*, 132 S. Ct. 2566, 2653 (2012). It cannot be the case, as Janssen suggests, that whether a plaintiff is the owner of a patent, and thus has standing to sue, turns on whether the plaintiff has held itself out as the owner.

In addition to *IpVenture*, the Federal Circuit also rejected Janssen’s argument in *Gellman v. Telular Corp.*, where the contract contained language similar to the “are-the-property-of” language that Janssen relies upon. Specifically, the plaintiff in *Gellman* “argue[d] that the Unsigned Agreement conveyed full legal title to Mr. Lebowitz for any invention by Mr. Seivert because [the agreement stated that] such an invention ‘shall be and remain the property of Cellular Alarm.’” *Gellman*, 449 F. App’x at 944. According to that plaintiff, “in order for the invention to ‘remain’ it necessarily had to have been fully conveyed previously.” *Id.* The Federal Circuit rejected this argument, finding that the agreement merely recognized that “inventions ‘remained’ in equitable status until such a time as Mr. Seivert ‘execute[d] any and all assignments or other transfer documents which are necessary ... to vest in Cellular Alarm all right, title and interest’ in such inventions.” *Id.* “Otherwise, the ‘execute any and all assignments’ language in the contract is surplusage without relevant meaning.” *Id.* Consistent

with *Arachnid* and *IpVenture*, the Federal Circuit held that because the agreement “expressly delays assignment to some future date,” the “most the [agreement] could do is create an obligation for Mr. Seivert to assign to Cellular Alarm” and “it did not, and will not, confer legal title automatically.” *Id.* at 944–45. Janssen’s reading of the Horwitz agreement similarly would render the “will ... assign” and “will ... execute” language in the 1998 Horwitz agreement “surplusage without relevant meaning.” *Id.* at 944.

Indeed, there is a large body of case law rejecting the notion that contracts just like the 1998 Horwitz agreement amount to assignments. As another example, a case in this District, *Freedom Wireless, Inc. v. Boston Commc’ns Grp., Inc.*, addressed a contract stating “that ‘all inventions belong ... to the Company,’” but which also “require[d] future acts by the inventor such as ‘disclos[ing]’ the invention and ‘perform[ing]’ actions necessary to establish ownership.” 220 F. Supp. 2d 16, 19 (D. Mass. 2002); *see also* Ex. 1 (agreement at issue in *Freedom Wireless*). Judge Harrington analyzed the issue as follows:

In order for a pre-invention assignment contract to create a present assignment of an expectant interest in an invention ... the contract must contain words of present conveyance and must require “no further act once an invention [comes] into being.” *Filmtec*, 939 F.2d at 1570. *Compare id.* (inventor “agrees to grant and **does hereby grant** ... the full and entire domestic right, title and interest”), and *Imatec, Ltd. v. Apple Computer, Inc.*, 81 F. Supp. 2d 471, 478 (S.D.N.Y. 2000) (inventor “agrees to assign, **and hereby do[es] assign**, ... all my rights to invention”), *with Arachnid*, 939 F.2d at 1576 (inventor agrees that “any inventions ... shall be the property of the CLIENT and all rights thereto will be assigned by inventor”). The agreement in this case, which states that “all inventions belong ... to the Company,” and which requires future acts by the inventor such as “disclosing” the invention and “performing” actions necessary to establish ownership, is not sufficient to convey legal title to the invention.

Freedom Wireless, 220 F. Supp. 2d at 19 (emphasis in original). As shown in Appendix A, numerous other cases have similarly held that contracts containing similar “are-the-property-of” language are not assignments. *See, e.g., Arachnid*, 939 F.2d at 1576 (“shall be the property of”);

Hoffman-La Roche Inc. v. Teva Pharm. USA, No. 09-5283, 2011 WL 6028583, at *4 (D.N.J. Dec. 2, 2011) (“belong to”); Appendix A.

Because Dr. Horwitz was a co-owner of the ’083 patent at the time Janssen filed its 2015 complaint and was not joined as a plaintiff, Janssen lacks standing for Count 6 of its 2015 complaint.²

B. Johnson & Johnson and Other Johnson & Johnson Affiliates Remain Co-Owners of the ’083 Patent

Janssen’s 2015 complaint must be dismissed for the separate reason that four named inventors of the ’083 patent assigned their rights not just to Centocor, but to Centocor, J&J and other affiliates of Centocor and J&J prior to the 2015 complaint. These other companies, who were not joined as plaintiffs in the litigation, were co-owners of the ’083 patent as of March 2015, and remain co-owners today.

1. The Plain Language of the Epstein, Marsh, Monsell, and Ozturk Employee Secrecy Agreements Assigned the ’083 Patent to a Group of Related Companies

Under New Jersey law, which governs the four “secrecy agreements,” “construction is not permitted or required” where, as here “the language of the contract is plain, unambiguous and susceptible to only one interpretation.” *D.R. by M.R. v. E. Brunswick Bd. of Educ.*, 838 F. Supp. 184, 190 (D.N.J. 1993). Between 2001 and 2003, named inventors Epstein, Marsh, Monsell, and Ozturk executed “Employee Secrecy” agreements that state, “I assign and agree to

² It is not clear whether Janssen will rely on extrinsic evidence to support its arguments about the 1998 Horwitz agreement. But the limited extrinsic evidence Janssen has put forth thus far confirms the agreement was not an assignment. There would have been no need for Janssen to track down Dr. Horwitz in July 2015 to procure an “assignment,” nor would Dr. Horwitz have had any rights to assign at that time, if the 1998 agreement had been an assignment as Janssen contends. See Dkt. 414-13. The declaration Janssen recently obtained from Dr. Horwitz confirms that an assignment was first executed in July 2015, months *after* the first complaint was filed. Horwitz 2/6/17 Decl. (provided to the Court and marked Ex. 6 on 2/8/17) at ¶¶ 6–7 (“I understood that, based on the Employee Agreement, Centocor might ask me to sign additional documents relating to patents in the future” and “I signed *such an assignment document* in 2015 relating specifically to the ’083 patent.”) (emphasis added).

assign my entire right, title and interest [to inventions] to the COMPANY.” Dkt. 414-4, 414-5, 414-6, 414-7. “COMPANY” is defined in a straightforward way:

The COMPANY *means* CENTOCOR *and* JOHNSON & JOHNSON *and* any of their successors or assigns, purchasers, acquirers, *and* any of their existing and future subsidiaries, divisions or affiliates, including any such subsidiary, division or affiliate of Johnson & Johnson to which I may be transferred or by which I may be employed in the future. Affiliates of the COMPANY are any corporation, entity or organization at least 50% owned by the COMPANY, by Johnson & Johnson or by any subsidiary of Johnson & Johnson.

Dkt. 414-4 at JANREM0098780 (emphasis added); *see also* Dkt. 414-5, 414-6, 414-7.

Defendants assert that “COMPANY” means exactly what the plain language of the agreement says, namely that these four inventors assigned their rights to their inventions to the entities within the definition of “COMPANY”: (1) “Centocor,” (2) “and Johnson & Johnson,” (3) “and any of their successors or assigns, purchasers, acquirers,” (4) “and any of their existing and future subsidiaries, divisions or affiliates, including any such subsidiary, division or affiliate of Johnson & Johnson to which [the employee] may be transferred or by which [the employee] may be employed in the future.” Dkt. 414-4 at JANREM0098780.

Janssen, on the other hand, argues that “COMPANY” means *only* Centocor, but also that the meaning of “COMPANY” changes over time, if and when an employee signatory moves within the J&J family to a different affiliate, at which point the obligations in the agreement run to the new entity that suddenly qualifies as the “COMPANY.” According to Janssen, the definition of “COMPANY” was crafted “so that employees hired by ‘any’ of th[e] related companies ... do not need to execute new agreements every time they are transferred to ‘any’ different operating company...” Dkt. 445 at 4. Janssen’s interpretation finds no support in the agreement, and flies in the face of well-established rules of contract interpretation.

When an agreement plainly states that the term “company” includes multiple related entities, courts have adopted that meaning. In *Dixon v. NBCUniversal Media, LLC*, the parties

disputed the meaning of “The Company” in an employee manual on alternative dispute resolution procedures. In the manual, “‘The Company’ [wa]s defined as ‘GE and any subsidiaries ... thereof...’” and the court adopted that definition, finding that the scope of the manual “applies by its terms to GE and its subsidiaries.” *Dixon v. NBCUniversal Media, LLC*, 947 F. Supp. 2d 390, 399 (S.D.N.Y. 2013).

Similarly, the meaning of “Company” in a substantially identical Johnson & Johnson agreement was not even debated in *Ethicon Endo-Surgery, Inc. v. Pemberton*, which involved an “Employee Secrecy, Non-Competition and Non-Solicitation Agreement” between Mr. Pemberton and J&J subsidiary Ethicon Endo-Surgery. *Ethicon Endo-Surgery, Inc. v. Pemberton*, No. 10-3973-B, 2010 WL 7926204 (Mass. Sup. Ct. Oct. 27, 2010). The agreement contained the same definition of “COMPANY” contained in the secrecy agreements of inventors Epstein, Marsh, Monsell, and Ozturk. Ex. 2 (Complaint with exhibit, *Ethicon Endo-Surgery, Inc. v. Pemberton*, No. 10-3973-B (Mass. Sup. Ct. filed Oct. 8, 2010)). The court recognized that that “[t]he Agreement was between Pemberton and ‘the COMPANY,’ which was defined as [Ethicon Endo-Surgery], Johnson & Johnson, and their successors, assigns, purchasers, acquirers, subsidiaries, divisions, or affiliates.” *Ethicon Endo-Surgery*, 2010 WL 7926204, at *3 (heading B).

Further, other aspects of the secrecy agreements at issue in this case make clear that the parties intended “COMPANY” to broadly include the entities plainly written into the definition. The primary purpose of the agreements was to protect confidential information belonging to the “COMPANY.” The inventors “recognize[d] that CONFIDENTIAL INFORMATION is of great value to the COMPANY ... and that the disclosure to anyone not authorized to receive such information will cause immediate irreparable injury to the COMPANY.” *See, e.g.*, Dkt. 414-4 at

JANREM0098781. The J&J entities benefit by the plain, broad definition of “COMPANY” with respect to such concerns. Under Janssen’s interpretation, however, employee signatories owed no obligations of confidentiality or non-competition to Janssen’s parent company J&J, or to any of its subsidiaries or affiliates. This is contrary to the plain language and clear intent of the agreement, and contrary to common sense.

For example, in *Johnson & Johnson v. Biomet*, multiple J&J companies sued to enforce the non-compete provisions of an employment agreement with the same definition of “COMPANY,”³ despite the fact that the defendant was a former employee of one J&J company, DePuy Orthopedics, Inc. See Ex. 3 Letter Order, *Johnson & Johnson, DePuy Orthopedics, Inc. et al. v. Biomet, Inc. and Robin T. Barney*, No. C-107-07, (N.J. Super. Ct. dated Dec. 6, 2007) at 1–3. In enforcing the non-compete provisions—presumably at J&J’s urging—the court relied on the former employee’s access to the confidential information from several DePuy subsidiaries as well as “*five companies other than DePuy*: Cordis ... Life Scan ... Ortho Clinical Diagnostics ... Ethicon-Endo ... and Ethicon...” *Id.* at 4, 10–12 (emphasis added). But under Janssen’s contrary argument before *this* Court, the employee would have owed no confidentiality obligations to those “five companies other than DePuy.” *Id.*

As demonstrated by *Biomet*, when confidential information or competitive interests are at stake, J&J interprets “the COMPANY” accordingly to its plain, broad language. Janssen’s current assertion that “sophisticated J&J lawyers would never intentionally draft” so broadly rings entirely hollow. Dkt. 445 at 7. The Court thus should construe the agreement to mean

³ See Ex. 4, Motion for Reconsideration, *Intuitive Surgical et al. v. Ethicon Endo-Surgery, Inc., et al.*, No. 110-cv-183148 (Cal. Super. Ct., filed Oct. 27, 2010) at 5–6 (Ethicon, a J&J subsidiary, stating that “[t]he non-compete agreement in [the *Biomet*] case was identical to the non-compete in this case”); Ex. 5 (Ethicon agreement in dispute in *Intuitive Surgical et al. v. Ethicon Endo-Surgery, Inc., et al.*, No. 110-cv-183148 (Cal. Super. Ct.)).

what it literally says, namely that the four inventors assigned their rights to Janssen, J&J, and the affiliates and related companies of J&J as specified in the definition of “COMPANY.”

2. None of Janssen’s Arguments Justify Rejecting the Plain Meaning of “COMPANY” In Favor of Janssen’s “Traveling” Interpretation

Janssen’s proposed construction of “COMPANY” cannot even be succinctly stated; Janssen never actually proposes a construction of the term. While Janssen argues that “the ‘COMPANY’ to which the inventors assigned their patent rights was Centocor” (*Id.* at 5), it also argues that “the reason for mentioning Johnson & Johnson and ‘any’ of its related operating companies” is “so that employees hired by ‘any’ of those related companies – not ‘all’ of those related companies – do not need to execute new agreements every time they are transferred to any different operating company.” *Id.* at 4. As Janssen puts it, “the intent of this sentence is to allow this agreement to travel with the employee if he or she is transferred to another J & J company.” 2/8/17 Hearing Tr. at 47:17–20.

Janssen’s amorphous, “traveling” interpretation of “COMPANY” must be rejected. For starters, Janssen acknowledges that the employee secrecy agreement “doesn’t literally say” what Janssen asks the Court to find it means. 2/8/17 Hearing Tr. at 47:15–22. In order to arrive at its contrived interpretation, Janssen cherry picks from the four categories identified in the express definition of the term “COMPANY,” accepting the ones it likes and rejecting the ones it does not, as shown below:

The COMPANY means CENTOCOR ~~and JOHNSON & JOHNSON~~ and any of ~~their~~ its successors or assigns, purchasers, acquirers, ~~and any of their existing and future subsidiaries, divisions or affiliates, including~~ or any ~~such~~ subsidiary, division or affiliate of Johnson & Johnson to which I may be transferred or by which I may be employed in the future.

Janssen keeps the part of the definition that brings in “successors or assigns, purchasers, acquirers” of Centocor, as it must, given that Janssen is the successor to Centocor. But Janssen

rewrites “*their* successors or assigns, purchasers, acquirers” to say “*its* successors [etc.],” because it contends that “‘COMPANY’ cannot include J&J and its subsidiaries.” Dkt. 445 at 5. Of course, the agreement expressly states: “The COMPANY means CENTOCOR *and JOHNSON & JOHNSON and...*” Dkt. 414-4 at JANREM0098780 (emphasis added).

Janssen’s contrary arguments are purely litigation-driven. Janssen ignores the definitive, express definition of “Company,” and seizes upon the sub-clause “*including* any such subsidiary, division or affiliate of Johnson & Johnson to which I may be transferred or by which I may be employed in the future”—language it argues is a limiting clause, such that COMPANY means *only* Centocor *as well as* any affiliate to which the employee might be transferred. But it is axiomatic that “the term ‘including’ is not one of all-embracing definition, but connotes simply an illustrative application.” *Fed. Land Bank of St. Paul v. Bismarck Lumber Co.*, 314 U.S. 95, 99–100 (1941); *see also Phelps Dodge Corp. v. N.L.R.B.*, 313 U.S. 177, 189 (1941) (“To attribute such a function to the participial phrase introduced by ‘including’ is to shrivel a versatile principle to an illustrative application. The word ‘including’ does not lend itself to such destructive significance.”); *Boardwalk Regency Corp. v. New Jersey Casino Control Comm’n*, 352 N.J. Super. 285, 303–04, 800 A.2d 157, 168 (App. Div. 2002) (“[W]e view the word ‘including’ as merely illustrative, not limiting.”).

Janssen also claims that the second sentence of the first paragraph of the agreement, which states that “Affiliates of the COMPANY are any corporation, entity or organization at least 50% owned by the COMPANY, by Johnson & Johnson or by any subsidiary of Johnson & Johnson,” means that J&J is “separate” from the “COMPANY.” Dkt. 414-4 at JANREM0098780; Dkt. 445 at 5. This sentence, according to Janssen, means that “‘COMPANY’ cannot include J&J and its subsidiaries.” 2/8/17 Hearing Ex. 5, Janssen Slides, at

Slide 33; Dkt. 445 at 5. But this argument contradicts the express definition of “COMPANY” as including J&J and affiliates. It also ignores the plain meaning of the definition of “affiliates,” which includes any “corporation, entity or organization” that is at least 50% owned by J&J, or at least 50% owned by any of its subsidiaries, or at least 50% owned, collectively, by multiple entities that are within the group constituting the “COMPANY.” Dkt. 414-4 at JANREM0098780.

Janssen also argues that the use of the word “and” in the definition of “COMPANY” is “plainly disjunctive.” 2/8/17 Hearing Ex. 5, Janssen Slides, at Slide 34. It is a basic canon of construction, however, and common sense, that “[t]he word ‘and’ is conjunctive and not disjunctive.” *Pontery v. Peters*, 118 N.J.L. 581, 584 (1937). “[T]o the ordinary or average person ‘and’ means ‘and.’” *Alt. Energy, Inc. v. St. Paul Fire & Marine Ins. Co.*, 267 F.3d 30, 35 (1st Cir. 2001). Indeed, where the drafter of the secrecy agreements intended the disjunctive, it chose “or,” and where it intended the conjunctive, it chose “and.” *See, e.g.*, Dkt. 414-4 at JANREM0098780.

Janssen’s argument that “COMPANY” means Centocor (or any other later-employing J&J affiliate) because “‘COMPANY’ is singular” is equally unavailing. 2/8/17 Hearing Ex. 5, Janssen Slides, at Slide 38; 2/8/17 Hearing Tr. at 51:3–7. “COMPANY” is a singular unit. As discussed above, J&J and its subsidiaries have applied the provisions of substantially identical agreements using the term “COMPANY” to groups of entities. And they use the term “Company” in other contexts, such as securities filings, to refer to “Johnson & Johnson and its subsidiaries.” Dkt. 446-11 (J&J 10-K Annual Report) at 1 (“Johnson & Johnson and its subsidiaries (the ‘Company’) have approximately 127,100 employees worldwide engaged in the

research and development, manufacture and sale of a broad range of products in the health care field.”).

Finally, much of Janssen’s existing briefing is devoted to characterizing Defendants’ reading of the employee secrecy agreements as “absurd.” But it is not absurd. J&J chose this language purposely, because it afforded protections to the entire family of J&J companies, as discussed above. As noted above in connection with *Biomet*, when it has suited their interests, J&J entities have applied the same or similar employee secrecy agreements to more than a single J&J entity. Another example is *Intuitive Surgical v. Ethicon Endo-Surgery, Inc.*, where J&J affiliate Ethicon Endo-Surgery (“EES”) sought to enforce the non-competition provisions of an employment agreement almost identical to the ones at issue here. *Intuitive Surgical et al. v. Ethicon Endo-Surgery, Inc., et al.*, No. 110-cv-1834148 (Cal. Super. Ct. filed Sept. 21, 2010); Ex. 5 (employment agreement at issue). When asked why the agreement had no territorial bounds with respect to the non-compete provisions, EES explained that “Johnson and Johnson is a huge operation [and] we have offices all over the world which is why it is drafted that way.” Ex. 6 at 4:24–27 (4/22/2010 Preliminary Injunction Hearing Tr. Excerpts, *Intuitive Surgical et al. v. Ethicon Endo-Surgery, Inc., et al.*, No. 110-cv-1834148 (Cal. Super. Ct.)). EES also argued that its former employee would suffer no harm from the non-compete provisions because its parent company “Johnson and Johnson is going to pay him during this time period [of enforcement].” *Id.* at 6:24–26. In other words, EES treated J&J as being within the definition of the “COMPANY” in the agreement, despite the fact that the former employee worked for EES. Ex. 5 at 2 (payment provision).

The basis for Janssen’s claim that Defendants’ interpretation is “absurd” is that it allegedly “would require each of the more than 250 worldwide operating companies in the

Johnson & Johnson family to join any patent action.” Dkt. 445 at 7. But Defendants do not contend that Janssen or J&J must “join[] ... more than 250 parties” in any patent infringement action. *Id.* J&J could have executed further agreements to consolidate rights in the ’083 patent (and other inventions) in a single entity, or less than “250 parties,” but it did not do so. Indeed, Janssen maintains that it can fix the problem even now. *See* 2/8/17 Lobby Conf. Tr. at 7:13–16, 9:21–22.

In the end, whether the broad literal definition of “COMPANY” has consequences Janssen does not like in this particular case provides no basis to rewrite the contract. New Jersey courts have “repeatedly ... hewed to the maxim that ‘courts cannot make contracts for parties. They can only enforce the contracts which the parties themselves have made.’” *McMahon v. City of Newark*, 195 N.J. 526, 545-46, 951 A.2d 185, 196-97 (2008) (quoting *Kampf v. Franklin Life Ins. Co.*, 33 N.J. 36, 43, 161 A.2d 717 (1960)). “The judicial task is simply interpretative; it is not to rewrite a contract for the parties better than or different from the one they wrote for themselves.” *Kieffer v. Best Buy*, 205 N.J. 213, 223, 14 A.3d 737, 742–43 (2011); *see also Kotkin v. Aronson*, 175 N.J. 453, 455, 815 A.2d 962, 963 (2003) (a court “cannot make for [contract drafters] a better or more sensible contract than the one they made for themselves”) (citing *Kampf*, 33 N.J. at 43). Where, as here, “the language is plain and capable of legal construction, the language alone must determine the agreement’s force and effect.” *Twp. of White v. Castle Ridge Dev. Corp.*, 419 N.J. Super. 68, 74–75, 16 A.3d 399, 403 (App. Div. 2011). “[S]ubjective intent does not matter.” *Nye v. Ingersoll Rand Co.*, 783 F. Supp. 2d 751, 761 n.12 (D.N.J. 2011). This Court is “not at liberty to introduce and effectuate some supposed unrevealed intention.” *Newark Publishers’ Ass’n v. Newark Typographical Union, No. 103*, 22 N.J. 419, 427, 126 A.2d 348, 353 (1956); *see also Gabriel v. Jackson Nat. Life Ins. Co.*, No. 11-

12307, 2015 WL 1410406, at *4 (D. Mass. Mar. 26, 2015) (Wolf, J.) (“[T]he analysis must turn on the terms of the ’817 Policy, rather than whether Reassure America’s policies comported with prevailing industry practices.”), *appeal dismissed* (Aug. 24, 2015).

III. Janssen Lacked Standing To Assert The ’083 Patent In Its 2016 Complaint

Janssen’s 2016 complaint also should be dismissed due to lack of standing. After filing its first complaint, Janssen attempted to remedy its lack of standing by executing six after-the-fact assignments from the named inventors of the ’083 patent to Janssen. *See supra*, n. 1. But four of the inventors—Epstein, Marsh, Monsell, and Ozturk—had already assigned their rights to Centocor and the J&J family of companies. *See supra*, Section II.B. These four named inventors therefore “had nothing to give to [Janssen],” which means that their “purported assignment[s] to [Janssen are] a nullity.” *Filmtec*, 939 F.2d at 1572; *see also Abraxis Bioscience*, 625 F.3d at 1365 (“AZ–UK could not assign the patents because it did not possess their titles. AZ–UK had no legal title to assign and, therefore, lacked standing to commence this litigation.”). For all of the same reasons set forth in Section II.B, *supra*, J&J and its affiliates remain co-owners of the ’083 patent, and Janssen still lacks standing for its 2016 complaint.

IV. Conclusion

For the reasons set forth above, Janssen lacks standing for Count 6 of its 2015 complaint and the entirety of its 2016 complaint. Both complaints must be dismissed.

Dated: February 22, 2017

Respectfully submitted,

Celltrion Healthcare Co., Ltd., Celltrion, Inc.
and Hospira Inc.

By their attorneys,

/s/ Andrea L. Martin, Esq.

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CERTIFICATE OF SERVICE

I, Andrea L. Martin, hereby certify that this document filed through the ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF) and paper copies will be sent to those indicated as non-registered participants on February 22, 2017.

/s/ Andrea L. Martin, Esq.
Andrea L. Martin, Esq.

4811-4419-6675.2

APPENDIX A: CASES FINDING NO ASSIGNMENT

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1998 Horwitz Agreement | <i>IpVenture v. Prostar Computer, Inc.</i> , 503 F.3d 1324 (Fed. Cir. 2007) (holding that “agreement [that] says ‘agree to assign’” is not an assignment) | <i>Freedom Wireless, Inc. v. Boston Commc'ns Grp., Inc.</i> , 220 F. Supp. 2d 16 (D. Mass. 2002) (finding contract language not sufficient to convey legal title) | <i>Gellman v. Telular Corp.</i> , 449 F. App'x 941 (Fed. Cir. 2011) (finding no present assignment of future rights) | <i>Arachnid v. Merit Indus., Inc.</i> , 939 F.2d 1574 (Fed. Cir. 1991) (holding that language that an invention “will be assigned” is “an agreement to assign, not an assignment”) | <i>Advanced Video Techs. v. HTC Corp.</i> , No. 15-4626, 2016 WL 3434819 (S.D.N.Y. June 14, 2016) (holding that language referred to “agreeing to do [something] in the future”) | <i>Hoffman-La Roche Inc. v. Teva Pharm. USA, No. 09-5283</i> , 2011 WL 6028583 (D.N.J. Dec. 2, 2011) (finding no “automatic transfer of rights”) |
| I agree that <i>all SUBJECT INVENTIONS are the property of CENTOCOR</i> , and <i>I agree that I will:</i> a. promptly and completely disclose to CENTOCOR all SUBJECT INVENTIONS; b. <i>assign to CENTOCOR</i> , at its request and without additional compensation, the entire world-wide rights to such SUBJECT INVENTIONS, to patent applications which may be filed and to patents which may issue on such SUBJECT INVENTIONS; c. <i>execute all documents necessary</i> to carry out the above; ... | <i>Such Proprietary Developments are the sole property of HP</i> , and <i>I agree:</i> a. to disclose them promptly to HP; b. <i>to assign them to HP</i> ; and c. <i>to execute all documents and cooperate with HP in all necessary activities</i> to obtain patent, copyright, mask work, and/or trade secret protection in all countries, HP to pay the expenses. | The Employee agrees that <i>all inventions ... belong to the Company. The Employee will</i> promptly disclose such inventions ... to the Company and <i>perform all actions reasonably requested by the Company to establish and confirm such ownership...</i> | <i>[A]ny and all ... inventions, ... shall be and remain the exclusive property of Cellular Alarm.</i> [Mr. Seivert] <i>agrees to execute any and all assignments ... to vest in Cellular Alarm all right, title, and interest</i> in such Work Products. | <i>Any inventions</i> conceived by IDEA or its employees ... <i>shall be the property of CLIENT</i> [Arachnid], and all rights thereto <i>will be assigned by IDEA ... to CLIENT.</i> | b. <i>Inventions and Original Works Assigned to the Company. I agree that I ... will assign to the Company</i> all my right, title, and interest in and to any and all inventions... | <i>Nippon agrees that all inventions ... belong to ROCHE</i> and <i>NIPPON therefore agrees to assign such inventions to ROCHE</i> and to assist ROCHE in ever [sic] proper way to obtain patents of such inventions in any or all countries. |

EXHIBIT 1



CONFIDENTIAL

ORBITAL SCIENCES CORPORATION

NEW EMPLOYEE NON-DISCLOSURE AGREEMENT

This agreement is entered into this 9th day of DECEMBER, 1991, by and between Orbital Sciences Corporation/Space Data Division (herein referred to as the "Company") and DAN BERT HARVED ("Employee").

WHEREAS, the Employee will be employed by the Company in a capacity in which he or she may receive or contribute to the production of Confidential Information (as defined below);

NOW THEREFORE, the Employee and the Company agree as follows:

A. **Confidential Information.** For purposes of this Agreement, "Confidential Information" means information or material proprietary to the Company or designated as proprietary or confidential information by the Company and not generally known by personnel not affiliated with the Company or to which the Employee may obtain knowledge or access as a result of the Employee's relationship with the Company, including information discovered or developed in whole or in part by the Employee and information received from third parties. Confidential Information includes but is not limited to, the following types of information and other information of a similar nature (whether or not reduced to writing): trade secrets, inventions, discoveries, ideas, concepts, software, designs, drawings, specifications, techniques, models, data, diagrams, flow charts, processes, program, procedures, "know-how," marketing and development plans, strategic plans, pricing and cost information and financial information. Confidential Information does not include information that is known to and available for use by the public.

B. **Non-Disclosure.** The Employee agrees that during and after his or her employment with the Company, the Employee shall hold in confidence and not directly or indirectly disclose any Confidential Information to any person or entity, or use any Confidential Information for any purpose, except as authorized by the Company; provided that the foregoing restrictions shall not apply to information that becomes known to and available for use by the public other than as a result of the Employee's unauthorized acts or failures to act. The Employee acknowledges that all materials that in any way contain, incorporate or reflect Confidential Information, including but not limited to documents, reports, plans, notes, memoranda, sketches, drawings, discs and records (including electronic records), shall belong exclusively to the Company. The Employee agrees to deliver to the Company at the date of his or her termination of employment with the Company or at any other time the Company may request, all copies of such materials that the Employee may possess or have under his or her control. The Employee also agrees to execute a certificate of compliance with the provisions of this Section B.

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A 10033

CONFIDENTIAL

C. Inventions and Patents. The Employee agrees that all inventions, innovations or improvements in the Company's methods of conducting business (including new contributions, improvements and discoveries conceived or made by the Employee during his or her employment period) belong to the Company. The Employee will promptly disclose such inventions, innovations or improvements to the Company and perform all actions reasonably requested by the Company to establish and confirm such ownership, including but not limited to, cooperation in connection with the Company's obtaining patent and/or copyright protection.

D. Injunctive Relief. Because of the unique nature of the Confidential Information, the Employee understands and agrees that the Company will suffer irreparable harm in the event that the Employee fails to comply with any of his or her obligations under Sections B or C above and that monetary damages will be inadequate to compensate the Company for such breach. Accordingly, the Employee agrees that the Company will, in addition to any other remedies available to them at law or in equity, be entitled to injunctive relief to enforce the terms of Sections B and C above.

E. This Agreement shall be governed by the laws of the Commonwealth of Arizona. This Agreement contains the full and complete understanding of the parties with respect to the subject matter hereof and supersedes all prior representations and understanding, whether oral or written. Any provision of this Agreement may be amended or waived only with the prior written consent of the parties.

AGREED AND ACCEPTED:

DAN BERT HARWEL
Printed Name

Dan Bert Harwel
Signature of Employee

9 DECEMBER 91
Date

AGREED AND ACCEPTED:

ORBITAL SCIENCES CORPORATION/
SPACE DATA DIVISION

Brenda Wraith
Authorized Signature

12/9/91
Date

A 10034

EXHIBIT 2

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

C.A. No. 10-3973 B
BUSINESS LITIGATION SESSION

ETHICON ENDO-SURGERY, INC.,

Plaintiff,

v.

ROB PEMBERTON and
INTUITIVE SURGICAL, INC.,

Defendants.

)
)
)
) COMPLAINT AND JURY DEMAND FOR
) TEMPORARY RESTRAINING ORDER,
) PRELIMINARY AND PERMANENT
) INJUNCTIVE RELIEF AND DAMAGES
)
)
)
)

I. PARTIES, JURISDICTION AND VENUE

1. Plaintiff Ethicon Endo-Surgery, Inc. ("EES") is an Ohio corporation with its principal place of business at 4545 Creek Road, Cincinnati, Ohio 45242.

2. Defendant Intuitive Surgical, Inc. ("Intuitive") is a Delaware corporation with its principal place of business in Sunnyvale, California. It conducts business in Massachusetts, and is a competitor of EES.

3. Defendant Robert Pemberton is a resident of Tewksbury, Massachusetts. Pemberton announced his resignation from employment with EES effective October 4, 2010. Only after repeated inquiries from EES did Pemberton inform EES that he had accepted a position with Intuitive.

4. Jurisdiction and venue are proper in this Court because: Pemberton is a resident of Tewksbury, Massachusetts and was formerly employed by EES working in Massachusetts,

Intuitive does business in Massachusetts, and a substantial portion of the conduct or omissions that give rise to the claims in this Complaint occurred in Tewksbury, Massachusetts.

II. BACKGROUND

5. EES is a wholly owned subsidiary of Johnson & Johnson, a New Jersey corporation. EES designs, manufactures, markets, and sells a broad portfolio of advanced medical devices that are used in traditional open surgery and minimally invasive, or laparoscopic, surgery. EES devices are used in a wide array of surgical procedures, including general surgeries (such as gall bladder removals and appendectomies) and specialty surgeries (such as gynecological, bariatric, thoracic, and colorectal procedures).

6. The mission of EES is to help physicians around the world transform patient care through innovation, and it spends substantial amounts of money on research and development of new and improved products, and, with the assistance of its sales representatives and educational specialists, on educating surgeons on how to use those products.

7. EES spends substantial resources, both human and financial, educating and training its sales representative and educational employees on human anatomy, surgical procedures, and how to use the company's products. EES's sales representative and educational employees spend a significant portion of their time in hospitals and operating rooms building relationships and goodwill with the company's customers, observing surgery, and training physicians and other health care professionals on the safe and efficacious use of the company's products.

8. EES's sale representatives and educational specialists are privy to the company's trade secret and Confidential Information relating to product pricing, customer preferences, purchasing tendencies and requirements, EES research and development initiatives, product

pipeline information, product technology, product strengths and weaknesses, market opportunities, marketing strategies, including target customers, emerging technologies and surgical trends, EES's strategy to address robotic enabled surgery, clinical and regulatory plans, EES market share data, and integrated business strategies, among other confidential, proprietary and trade secret information. In addition, EES maintains an intranet site called "EES Today", sharepoint, and internal drives, which provide sales representatives with up-to-date access to EES's confidential and proprietary information regarding sales, sales history, sales projections, marketing strategies, research and development efforts, product pipeline projections and anticipated regulatory approvals for new products. All of this information is confidential to EES and the sales representatives' and educational specialists' access to and use of such information gives the company a competitive advantage in the market.

9. While Intuitive has partnered with EES on certain endeavors, it also competes with EES through the sale of its da Vinci Surgical System, a robotic system used by surgeons to conduct minimally invasive surgeries. Intuitive also markets and sells EndoWrist instruments, medical devices for use on the da Vinci system, some of which directly compete with devices sold by EES, including trocars, clip applicators, and graspers. Historically, Intuitive's da Vinci system was used primarily in urology procedures, specifically prostatectomies. Intuitive has expanded its marketing and sales of the da Vinci system and the EndoWrist instruments to include surgical procedures that compete directly with EES, including gynecological and thoracic procedures. Intuitive has also announced its intention to introduce stapling technology on its products which will compete with EES stapling devices.

III. PEMBERTON'S EMPLOYMENT WITH EES

10. Pemberton was hired by EES in December, 2004 as a sales representative. Pemberton signed an Employee Secrecy, Non-Competition and Non-Solicitation Agreement (the

“Agreement”) in 2004. A true and accurate copy of the Agreement is attached as Exhibit A, and is incorporated by reference. Pemberton became an Education Strategist in April, 2009, and at the time of his resignation he was earning a base salary of \$111,999, plus stock grants and other benefits. As an Education Strategist, Pemberton promoted, received training on, and obtained confidential, proprietary and trade secret information about EES’s entire product line.

Pemberton was responsible for developing and executing clinical education programs for physicians and hospitals, conducting marketing presentations and activities to build market-level education, and building and maintaining EES’s relationships with physicians and hospital administrators to facilitate sales. Pemberton’s assigned geographic territory included the entire state of Massachusetts.

11. In his role as Education Strategist, Pemberton had access to clinical information, methodologies and strategies that are intended to differentiate EES’s products from those of its competition. Pemberton has knowledge of and access to other EES confidential, proprietary and or trade secret information, including EES research and development initiatives, product pipeline information, product technology, product strengths and weaknesses, market opportunities, marketing strategies, including target customers, emerging technologies, surgical trends, and EES’s strategies to address robotic enabled surgery, clinical and regulatory plans, pricing information, and integrated business strategies, among other confidential, proprietary and trade secret information. Pemberton received training on human anatomy, surgical procedures, EES’s product offerings, pricing strategies, new market strategies, new product pricing, and sales and surgical trends.

IV. TERMS OF PEMBERTON'S AGREEMENT

12. In his Agreement, in return for certain undertakings and actions by EES, Pemberton agreed, among other commitments, that for 18 months after the termination of his employment for any reason, he would not: (i) render services, directly or indirectly, to certain EES competitors, including in a position for any organization where he could use EES Confidential Information to the detriment of EES (paragraph 6), or (ii) solicit any business from, sell to, or render any service to, or, directly or indirectly, help others to solicit business from or render service or sell to, any of the accounts, customers, or clients with whom he had contact during the last 12 months of his EES employment, for any purpose related to the sale of any product or service that could compete with a product or service being sold or developed by EES (paragraph 7).

13. The Agreement also contained a provision regarding non-disclosure of "CONFIDENTIAL INFORMATION," in which Pemberton agreed not to disclose EES's CONFIDENTIAL INFORMATION without prior consent (paragraph 5).

14. Pemberton also agreed that violations of the non-disclosure (paragraph 5), non-competition (paragraph 6) and non-solicitation (paragraph 7) provisions of his Agreement entitled EES to injunctive relief (paragraph 13).

15. To enable EES to monitor his compliance with these provisions in the Agreement, Pemberton agreed to notify EES of any new employer, job title and responsibilities at the time of his termination of employment with EES and continuing throughout the 18-month period (paragraph 8).

16. The Agreement contains a choice-of-law provision providing that New Jersey law will apply to the Agreement (paragraph 16).

17. In keeping with its commitments and in connection with his EES employment, EES provided Pemberton with (i) extensive and specialized training; (ii) company trade secrets; and (iii) "CONFIDENTIAL INFORMATION" as defined in the Agreement and as described above.

18. EES took appropriate steps to maintain the confidentiality of the above-referenced information and trade secrets. Particularly, in addition to requiring employees with access to trade secrets to sign confidentiality agreements like the Agreement signed by Pemberton, EES restricts employees' access to trade secrets by electronic and physical means.

19. All conditions precedent to EES's right to enforce the Agreement have occurred, have been performed, or will be performed by EES, including its obligation under paragraph 9 of the Agreement to pay Pemberton his EES gross monthly pay, or a portion of it, if he demonstrates that the prohibitions in paragraph 6 and 7 prevent him from obtaining employment consistent with his training and education during the effective period of the prohibitions.

V. PEMBERTON'S HIRING BY INTUITIVE

20. On September 21, 2010, Pemberton announced his resignation from his EES employment effective October 4, 2010. When he tendered his resignation, Pemberton refused to identify where he was going to work. He repeatedly refused to answer questions about where he was going over the course of the following two weeks. Pemberton suggested that he was still trying to work things out as to where he was going. On October 4, 2010, the last date of his employment with EES, he admitted that he had accepted a position with Intuitive. The same day Intuitive served a Complaint for Declaratory Judgment in a California Court, indicating that Pemberton had accepted a position as a sales manager with Intuitive. A true and accurate copy of the pleading is attached as Exhibit B. Critically, although that Complaint was not served until

Pemberton's last day with EES, it was filed the day after he tendered his resignation. Upon information and belief, Pemberton will be working for Intuitive in Massachusetts, an area in which he performed services for EES.

21. Intuitive's hiring of Pemberton is the latest in Intuitive's focused efforts to hire EES employees in an effort to gain an unfair competitive advantage in the market.

22. In the past two years, Intuitive has hired several other current or former EES employees in disregard to their obligations under their non-compete agreements with EES. In 2009, EES filed suit in Texas and Florida as a result of two of those hirings. In 2010, EES filed lawsuits against three former employees in Ohio. Intuitive has responded by filing declaratory judgment actions in California with regard to EES employees it intends to hire, in a clear attempt to use California's unique policy against enforceability of non-competition agreements in California to invalidate EES's agreements in other states. Although those efforts have been unsuccessful, Intuitive followed the same strategy here. It filed a declaratory judgment action in California with regard to Pemberton, even though he does not live in, work in, or have any connection with California.

23. In September, Intuitive solicited an EES sales manager and members of his sales team in Arizona, to market and sell Intuitive products to the same customers, in the same territory, as they serve in for EES. Intuitive was seeking to interfere with EES's good will with Arizona surgeons and hospital administrators by hiring the majority of EES's Arizona sales team to sell Intuitive's own competing products. Further, Intuitive's recruiter expressly recognized the high quality of training received by EES sales employees. As part of its recruiting efforts, Intuitive represented that it now had a "strategy" in place for dealing with the contractual obligations of EES employees.

24. In the last week, Intuitive has hired or attempted to hire Pemberton, an EES employee in North Carolina, and an EES employee in Kentucky.

25. Intuitive's continued raiding of EES's employees is providing Intuitive with substantial collective knowledge of EES's confidential, proprietary, and trade secret information, which provides Intuitive with an unfair competitive advantage to the detriment of EES.

26. Upon information and belief, Intuitive has recruited Pemberton for the purpose of targeting EES's clients and utilizing EES's goodwill and confidential, proprietary and/or trade secret information to the benefit of Intuitive and the detriment of EES.

27. The raiding of EES's employees and customers is accelerating. Without the intervention of this Court requiring defendants to honor their contractual, statutory and common law obligations, EES will suffer irreparable harm by the loss of its customer goodwill, and disclosure of its confidential and trade secret information.

COUNT I
(Breach of Contract – Pemberton)

28. EES incorporates paragraphs 1 through 27 above by reference as if fully rewritten herein.

29. The confidentiality, non-competition, and non-solicitation provisions contained in the Agreement described above are reasonable and necessary to protect EES's legitimate business interests including, but not limited to, its current and prospective customer relationships, its employment relationships, its goodwill and its confidential, proprietary and/or trade secret information.

30. The provisions contained in the Agreement do not impose an undue burden on Pemberton. The non-solicitation provision only restricts Pemberton's ability to solicit accounts, customers or clients of EES with whom Pemberton had contact during the last twelve months.

The non-competition provision applies only to certain conflicting organizations in connection with conflicting products.

31. The Agreement is not injurious to public welfare. In fact, the issuance of an injunction would promote the public interest by preserving the status quo and allowing EES to continue its valuable customer and employment relationships, as well as safeguarding confidential, trade secret information and preventing unethical conduct. Further, Pemberton specifically agreed that irreparable harm would result from violations of the Agreement, thus injunctive relief is required to remedy violations of the provisions.

32. The restrictions contained in the Agreement are reasonable. The provisions are narrowly tailored to preserve the status quo and protect EES's legitimate business interests.

33. Pemberton has violated the obligations owed to EES under the Agreement.

34. As a direct and proximate result of the breach, EES has been and will continue to be damaged.

35. Money damages alone will not adequately compensate EES for the loss and harm sustained by Pemberton's wrongful conduct, and thus EES is left without an adequate or sufficient remedy at law.

36. Unless preliminarily and permanently enjoined, there is a reasonable likelihood that Pemberton will continue to violate his non-solicitation and non-competition obligations to EES, which will irreparably harm EES.

COUNT II

(Breach of Implied Covenant of Good Faith and Fair Dealing - Pemberton)

37. EES incorporates paragraphs 1 through 36 above by reference as if fully rewritten herein.

38. Massachusetts law implies a covenant of good faith and fair dealing in every agreement.

39. Pemberton's intentional and direction violations of his Agreement constitute violations of the covenant of good faith and fair dealing that is implicit in the Agreement.

40. As a direct and proximate result, EES has been and will continue be damaged.

41. Money damages alone will not adequately compensate EES for the loss and harm sustained by Pemberton's wrongful conduct, and thus EES is left without an adequate or sufficient remedy at law.

42. Unless preliminarily and permanently enjoined, there is a reasonable likelihood that Pemberton will continue to violate his non-solicitation and non-competition obligations to EES, which will irreparably harm EES.

COUNT III
(Tortious Interference with Contract – Intuitive)

43. EES incorporates paragraphs 1 through 42 above by reference as if fully rewritten herein.

44. EES had a valid and enforceable Agreement with Pemberton. Intuitive was aware of the existence of that Agreement and induced Pemberton to breach his obligations under that Agreement.

45. As a result of Intuitive's intentional interference with Pemberton's Agreement, EES has suffered and will continue to suffer economic damage, including the loss of sales to its existing customers. Intuitive acted without privilege or justification.

46. Money damages alone will not adequately compensate EES for the loss and harm sustained by Intuitive's wrongful conduct, and thus EES is left without an adequate or sufficient remedy at law.

47. Unless preliminarily and permanently enjoined, there is a reasonable likelihood that Intuitive will continue to interfere with EES's valid Agreement, which will irreparably harm EES.

COUNT IV
(Misappropriation and Threatened
Misappropriation of Trade Secrets – Pemberton)

48. EES incorporates by reference its allegations contained in paragraphs 1 through 48 above by reference as if fully rewritten herein.

49. In connection with the development of its business, EES has expended substantial time, labor and money to research proprietary business methods, strategies, technologies, processes, products, machines, marketing plans and procedures, and other proprietary information regarding its client preferences, contract information, pricing methods and information, sales, sales volumes and strategies, purchasing histories, and other confidential and proprietary information.

50. EES has taken substantial measures and exercised due diligence to prevent its business-related documents and information from becoming available to persons other than those selected by it to have access to these documents and this information in order to further its business.

51. Pemberton was provided access to trade secret information during his employment with EES, including, but not limited to, information regarding proprietary business methods, strategies, technologies, processes, products, machines, marketing plans and procedures, and other proprietary information regarding its client preferences, contract information, pricing methods and information, sales, sales volumes and strategies, purchasing

histories, and other confidential and proprietary information, and other proprietary and trade secret information.

52. Pemberton has used, or inevitably will use, this trade secret information in performing his duties for Intuitive.

53. EES has at all times had a protectable business in these documents and information, and have taken reasonable steps to protect the secrecy of this information.

54. Pemberton has misappropriated EES's trade secrets knowingly, willfully, maliciously, intentionally, and in bad faith.

55. The misappropriation of trade secrets has and will proximately cause damage to EES including, but not limited to, lost profits and loss of goodwill, unjust enrichment, or a reasonable royalty, in an amount to be determined at trial.

56. Money damages alone will not adequately compensate EES for the loss and harm sustained by Pemberton's wrongful conduct, and thus EES is left without an adequate or sufficient remedy at law.

57. Unless preliminarily and permanently enjoined, there is a reasonable likelihood that Pemberton will continue to violate his obligations with regard to EES's trade secret information, which will irreparably harm EES.

COUNT V
(Violation of Mass. Gen. Laws. ch. 93A – Intuitive)

58. EES incorporates by reference its allegations contained in paragraphs 1 through 57 above by reference as if fully rewritten herein.

59. Intuitive is engaged in trade or commerce.

60. Intuitive's mass hiring of EES's employees with the purpose of damaging EES's business operations, usurping EES's goodwill with its customers and obtaining EES's

confidential business information constitutes an unfair or deceptive act or practice in trade or commerce in violation of chapter 93A.

61. As a direct and proximate result of the unfair practices of Intuitive, EES has been and will continue to be damaged.

62. Pursuant to chapter 93A, EES is entitled to recover treble damages and its reasonable attorneys' fees from Intuitive.

VI. PRAYER FOR RELIEF

WHEREFORE, EES respectfully requests that this Court:

A. Enter a Preliminary Injunction Order requiring Pemberton to abide by the terms of his Agreement with EES and immediately enjoin and restrain Pemberton from working for Intuitive, and enjoin restrain Pemberton and all persons acting in concert with him, including any officer, agent, employee, and/or representative of Intuitive, from directly or indirectly:

- (i) using, disclosing or transmitting EES's confidential or trade secret information for any purpose (including, without limitation, engaging in competition with EES or soliciting EES's customers or employees);
- (ii) rendering services to any CONFLICTING ORGANIZATION, specifically including Intuitive, in connection with any CONFLICTING PRODUCT; and
- (iii) directly or indirectly soliciting any business from any account, customer or client of EES with whom Pemberton had contact within the last twelve months of his employment with EES.

B. Require Defendants and all persons acting in concert with them, to return to EES within twenty-four hours of actual notice of the Court's Order all originals, copies, or other reproductions, in any form whatsoever, of any record or document containing, in whole or in part, any confidential information belonging to EES;

C. Enter a Preliminary Injunction Order immediately enjoining and restraining Intuitive from interfering with the Agreement between EES and Pemberton, or any other employee;

D. Honor EES's demand for a trial by jury on all claims and issues triable by a jury.

E. Award EES all costs and expenses incurred in connection with this action, including its reasonable attorneys' fees;

F. Enter judgment in favor of EES, and against Defendants, on all Counts, and order Defendants to pay damages to EES, including punitive damages (where appropriate), attorneys' fees and all costs, interest and expenses incurred in connection with this action; and

G. Grant EES such other and further relief as the Court deems just and equitable.

JURY DEMAND

Ethicon Endo-Surgery, Inc. demands a trial by jury.

ETHICON ENDO-SURGERY, INC.,

By its attorneys,

Christa von der Luft

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Date: October 8, 2010

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| NO. OF PLFFS | <u>1</u> |
| FEE PAID \$ | <u>\$275.00</u> |
| REC'D BY: | <u>(signature)</u> |
| CIVIL ACTION COVER SHEET | |
| (a) FILED WITH COMPLAINT | |
| (b) GIVEN IN HAND TO ATTY. WHEN COMPLAINT FILED. | |
| (c) MAILED BY CLERK ON | |



ETHICON ENDO-SURGERY, INC.
a Johnson & Johnson company

**EMPLOYEE SECRECY, NON-COMPETITION
AND NON-SOLICITATION AGREEMENT**

Name of Employee:

Robert A. Pemberton

Residence Address:

71 Quincy Rd
Fewkesbury, MA 01876

As used in this Agreement:

the COMPANY means ETHICON ENDO-SURGERY, INC. and JOHNSON & JOHNSON and any of their successors or assigns, purchasers, acquirers, and any of their existing and future subsidiaries, divisions or affiliates, including any such subsidiary, division or affiliate of Johnson & Johnson to which I may be transferred or by which I may be employed in the future. Affiliates of the COMPANY are any corporation, entity or organization at least 50% owned by the COMPANY, by Johnson & Johnson or by any subsidiary of Johnson & Johnson.

I means the employee whose name appears above, also referred to by the use of first person pronouns, such as me and my.

INVENTIONS mean discoveries, improvements and/or ideas, whether patentable or not.

CONFIDENTIAL INFORMATION means information disclosed to me or known by me as a result of my employment by the COMPANY, not generally known to the trade or industry in which the COMPANY is engaged, about products, processes, technologies, machines, customers, clients, employees, services and strategies of the COMPANY, including, but not limited to, inventions, research, development, manufacturing, purchasing, finance, computer software, computer hardware, automated systems, engineering, marketing, merchandising, selling, sales volumes or strategies, number or location of sales representatives, names or significance of the COMPANY's customers or clients or their employees or representatives, preferences, needs or requirements, purchasing histories, or other customer or client-specific information.

CONFLICTING PRODUCT means any product, process, technology, machine, invention or service of any person or organization other than the COMPANY in existence or under development which resembles or competes with a product, process, technology, machine, invention or service upon which I shall have worked or about which I become knowledgeable as a result of employment with the COMPANY and whose use or marketability could be enhanced by application to it of CONFIDENTIAL INFORMATION which I shall have had access to during my employment.

CONFLICTING ORGANIZATION means any person or organization which is engaged in or about to become engaged in research on, consulting regarding, or development, production, marketing, or selling of a CONFLICTING PRODUCT.

I recognize that the business in which the COMPANY is engaged is extremely competitive and that the COMPANY will be providing me with CONFIDENTIAL INFORMATION both at the commencement of my employment and thereafter and may also be providing me with the opportunity to contribute to the creation of CONFIDENTIAL INFORMATION, which will assist both the COMPANY and me in competing effectively. I recognize that CONFIDENTIAL INFORMATION is significant to the COMPANY'S competitive position and that the COMPANY therefore expects me to keep it secret and also expects me not to compete with the COMPANY during my employment and for a period of time thereafter.

Accordingly, in consideration of the receipt of CONFIDENTIAL INFORMATION, my employment or the continuation of my employment by the COMPANY, and other benefits being provided to me in connection with this Agreement, including those provided pursuant to paragraph 9:

1. I agree to disclose promptly to the COMPANY all INVENTIONS conceived or made by me whether or not during my hours of employment or with the use of the COMPANY'S facilities, materials or personnel, either solely or jointly with another or others during my employment with the COMPANY, and related to the actual or anticipated business or activities of the COMPANY, or related to its actual or anticipated research and development or suggested by or resulting from any task assigned to me or work performed by me for, or on behalf of, the COMPANY. I assign and agree to assign my entire right, title and interest therein to the COMPANY. I will not assert any rights under or to any INVENTIONS as having been made or acquired by me prior to my being employed by the COMPANY unless such INVENTIONS are identified on a sheet attached hereto and signed by me and the COMPANY as of the date of this Agreement.
2. I recognize that all works, including, but not limited to reports, computer programs, drawings, documentation and publications, which I prepare within the scope of my employment with the COMPANY, shall be works made for hire and that the worldwide copyrights therein shall be the sole and exclusive property of the COMPANY. In the event that any said copyrightable work or portion thereof shall not be legally qualified as a work made for hire, or shall subsequently be so held to not be a work made for hire, I agree to assign, and do hereby so assign to the COMPANY, all right, title and interest in and to said work or portion thereof. I will promptly and fully disclose all such works to the COMPANY.
3. I shall, whenever requested to do so by the COMPANY, execute any applications, assignments or other instruments which the COMPANY shall consider necessary to apply for and obtain Letters Patent, trademark and/or copyright registrations in the United States, or any foreign

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country, or to protect otherwise the COMPANY's interests. These obligations shall continue beyond the termination of my employment with the COMPANY with respect to INVENTIONS, trademarks or copyrightable works conceived, authored or made by me during my period of employment, and shall be binding upon my executors, administrators, or other legal representatives.

4. I shall not disclose to the COMPANY or induce the COMPANY to use any secret, proprietary or confidential information or material belonging to others, including my former employers, if any. I am aware of no agreement, contract, non-compete covenant, non-disclosure/secrecy agreement or similar restriction that would in any way restrict, limit or prohibit my employment by the COMPANY that I have not disclosed and provided to the COMPANY.
5. I recognize that CONFIDENTIAL INFORMATION is of great value to the COMPANY, that the COMPANY has legitimate business interests in protecting its CONFIDENTIAL INFORMATION, and that the disclosure to anyone not authorized to receive such information, including a CONFLICTING ORGANIZATION, will cause immediate irreparable injury to the COMPANY. Unless I first secure the COMPANY's written consent, I will not disclose, use, disseminate, lecture upon or publish CONFIDENTIAL INFORMATION. I understand and agree that my obligations not to disclose, use, disseminate, lecture upon or publish CONFIDENTIAL INFORMATION shall continue after termination of my employment for any reason.
6. During my employment with the COMPANY and for a period of eighteen (18) months after termination of my employment with the COMPANY for any reason, I will not render services, directly or indirectly, to any CONFLICTING ORGANIZATION in the United States, or in any foreign country or territory in which the services I may provide could enhance the use or marketability of a CONFLICTING PRODUCT by application of CONFIDENTIAL INFORMATION which I shall have had access to during my employment, except that I may accept employment with a CONFLICTING ORGANIZATION whose business is diversified and which is, as to that part of its business in which I accept employment, not a CONFLICTING ORGANIZATION, provided that the COMPANY, prior to my accepting such employment, shall receive separate written assurances satisfactory to the COMPANY from such CONFLICTING ORGANIZATION and from me, that I will not render services directly or indirectly, for an 18-month period, in connection with any CONFLICTING PRODUCT. I also agree that during my employment with the COMPANY and for a period of 18 months thereafter, I will not render services to any other organization or person in a position in which I could use CONFIDENTIAL INFORMATION to the detriment of the COMPANY.
7. I recognize that the COMPANY's relations with its accounts, customers and clients represents an important business asset that results from the COMPANY's significant investment of its time and resources. I further recognize that by virtue of my employment by the COMPANY, I have gained or may gain relationships with the accounts, customers and clients of the COMPANY, and because of such relationships, I could cause the COMPANY great loss, damage, and immediate irreparable harm, if, during my employment by the COMPANY or subsequent to the termination of such employment for any reason, I should for myself or on behalf of any other person, entity, firm or corporation, sell, offer for sale, or solicit or assist in the sale of a product or service that could compete with a product or service being sold or developed by the COMPANY. I therefore agree that during my employment with the COMPANY and for eighteen (18) months after termination of such employment for any reason, I will not solicit any business from, sell to, or render any service to, or, directly or indirectly, help others to solicit business from or render service or sell to, any of the accounts, customers or clients with whom I have had contact during the last twelve (12) months of my employment with the COMPANY, for any purpose related to the sale of any such product or service. I also agree that for a period of twelve (12) months after termination of employment with the COMPANY for any reason, I will not solicit or hire on my own behalf, or on behalf of others, any COMPANY employee.
8. To enable the COMPANY to monitor my compliance with the obligations imposed by this Agreement, I agree to inform the COMPANY, at the time I give notice of my termination of employment, of the identity of my new employer and of my job title and responsibilities, and will continue to so inform the COMPANY, in writing, any time I change employment during the eighteen (18) months following termination of my employment with the COMPANY for any reason.
9. If I am unable to obtain employment consistent with my training and education solely because of a prohibition of paragraph 6 or 7 of this Agreement, or if I am able to obtain only a position in which my Gross Monthly Pay is less than what I last received from the COMPANY as Gross Monthly Pay, then any prohibition of those paragraphs that caused me to be unable to obtain such employment (or that is responsible for the above-referenced differential in pay), shall bind me only as long as the COMPANY shall make monthly payment to me equal to the lesser of (a) the amount last received from the COMPANY as Gross Monthly Pay, or (b) the difference between my last Gross Monthly Pay at the COMPANY and my Gross Monthly Pay in any subsequent employment. Gross Monthly Pay shall consist of the sum of the following applicable amounts, prorated to a monthly basis: my annual base pay, annual commissions, year-end cash bonus, and the monetary value of my year-end stock award (but not stock option grants, any other extra compensation or benefits). My Gross Monthly Pay at the COMPANY will be based on the amounts actually received by me during the last twelve calendar months I was employed by the COMPANY. My Gross Monthly Pay in any subsequent employment will be based on a projection of the amounts to be received by me during the first twelve months in that employment.
10. In order to qualify for the payments provided for in paragraph 9 above, I understand that I must, for each month that I claim payment is due, represent to the Vice President of Human Resources of the COMPANY, in writing within fifteen (15) days following the end of that calendar month, that although I diligently sought employment consistent with my training and education, I was unable to obtain it, or was unable to attain a position in which my Gross Monthly Pay equaled what I last received from the COMPANY as Gross Monthly Pay, as the case may be, solely because of a prohibition of paragraph 6 or 7 of this Agreement. I must also promptly submit such further information as the COMPANY may request to enable it to verify the accuracy of my representation. I understand that the COMPANY shall, at its option, be relieved of making a monthly payment to me for any month with respect to which I have failed to comply with a requirement of this paragraph 10.
11. I further understand that if, at any time within the period of prohibition specified in paragraph 6 or 7, the COMPANY gives me a written release from the prohibition of paragraph 6 or 7 that has been the sole cause of my inability to obtain employment consistent with my

training and education or my inability to obtain a position in which my Gross Monthly Pay equals what I last received from the COMPANY as Gross Monthly Pay, as the case may be, then, the COMPANY will no longer be obligated to make the payments that had been required due to those prohibitions.

12. Upon termination of my employment with the COMPANY for any reason, I shall turn over to a designated individual employed by the COMPANY, all property then in my possession or custody and belonging to the COMPANY, including any computer equipment. I shall not retain any copies of correspondence, memoranda, reports, notebooks, drawings, photographs, or other documents in any form whatsoever (including information contained in computer memory or on any computer disk) relating in any way to the affairs of the COMPANY and which were entrusted to me or obtained by me at any time during my employment with the COMPANY.
13. I understand and acknowledge that if I violate this Agreement or am about to violate this Agreement by disclosing or using information prohibited by paragraph 5 above, accepting employment or providing services prohibited by paragraph 6 or 7 above, or failing to turn over property as required by paragraph 12 above, the COMPANY shall have the right, and be entitled to, in addition to any other remedies it may have, injunctive relief; in other words, I understand and acknowledge that the COMPANY can bar me from disclosing or using such information, bar me from accepting such employment or rendering such services for the periods specified in paragraphs 6 and 7 above, and require that I turn over such property.
14. I hereby consent and agree to assignment by the COMPANY of this Agreement and all rights and obligations hereunder including, but not limited to, an assignment in connection with any merger, sale, transfer or acquisition by the COMPANY or relating to all or part of its assets, divisions and/or affiliates.
15. Nothing herein shall limit or reduce my common law duties to the COMPANY, including but not limited to my duty of loyalty.
16. This Agreement shall be interpreted according to the laws of the State of New Jersey without regard to the conflict of law rules thereof. I agree that any action relating to or arising out of this Agreement may be brought in the courts of the State of New Jersey or, if subject matter jurisdiction exists, in the United States District Court for the District of New Jersey. I consent to personal jurisdiction and venue in both such courts and to service of process by United States Mail or express courier service in any such action.
17. In the event that any provision of this Agreement is invalidated or unenforceable under applicable law, that shall not affect the validity or enforceability of the remaining provisions. To the extent that any provision of this Agreement is unenforceable because it is overbroad, that provision shall be limited to the extent required by applicable law and enforced as so limited.
18. The following applies only to a California, Minnesota or North Carolina employee: Notification is hereby given that paragraph 1 does not apply to an invention to the extent that no equipment, supplies, facility, or trade secret information of the COMPANY was used and which was developed entirely by me on my own time, and (a) which does not relate (i) to the business of the COMPANY or (ii) to the COMPANY's actual or demonstrably anticipated research or development, or (b) which does not result from any work performed by me for the COMPANY.
19. The following applies only to a State of Washington employee: Notification is hereby given that paragraph 1 does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the COMPANY was used and which was developed entirely on my own time, unless (a) the invention relates (i) directly to the business of the COMPANY or (ii) to the COMPANY's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me for the COMPANY.
20. Nothing contained in this Agreement shall be deemed to confer on me any rights with respect to the duration of my employment with the COMPANY. I UNDERSTAND AND AGREE THAT MY EMPLOYMENT RELATIONSHIP WITH THE COMPANY IS TERMINABLE AT WILL BY EITHER THE COMPANY OR ME, WITH OR WITHOUT CAUSE, EXCEPT THAT IF I INITIATE THE TERMINATION, THERE SHALL BE, AT THE COMPANY'S OPTION, A PERIOD OF UP TO FOURTEEN (14) DAYS AFTER I GIVE WRITTEN NOTICE OF TERMINATION BEFORE THE TERMINATION BECOMES EFFECTIVE. If the COMPANY elects to continue my employment during the notice period, it shall advise me of that fact, and of the duration of the notice period. During any notice period, I will provide such transitional services as the COMPANY may request. The COMPANY will be obligated to continue my pay during the notice period, and my duty of loyalty to the COMPANY shall continue through such period.

I ACKNOWLEDGE HAVING READ, EXECUTED AND RECEIVED A COPY OF THIS AGREEMENT, and agree that with respect to the subject matter hereof it is my entire agreement with the COMPANY, superseding any previous oral or written communications, representations, understandings, or agreements with the COMPANY or any of its officials or representatives.

DATE: 11/4/04

Robert A. Ricketts
 EMPLOYEE
Robert A. Ricketts
 Name
91 Quinday Rd
 Address
Tewksbury, MA 01876
 City/State

EXHIBIT 3

FILED

AUG 27 2007

Judge Alexander P. Vaughn, Jr.

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Attorneys for Plaintiffs
Johnson & Johnson, DePuy Orthopaedics, Inc.
and DePuy Products, Inc.

JOHNSON & JOHNSON, DEPUY
ORTHOPAEDICS, INC. and DEPUY
PRODUCTS, INC.,

Plaintiffs,

vs.

BIOMET, INC. and ROBIN T. BARNEY,

Defendants.

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
MIDDLESEX COUNTY
DOCKET NO. MID-C-107-07

CIVIL ACTION

TEMPORARY RESTRAINING ORDER

THIS MATTER having been opened to the Court by plaintiffs Johnson & Johnson ("J&J"), DePuy Orthopaedics, Inc. ("DePuy Orthopaedics") and DePuy Products, Inc. ("DePuy Products"), seeking relief by way of temporary restraints pursuant to R. 4:52; and the Court having considered the papers filed in connection with said application; and the Court having heard the arguments of counsel on July 17, 2007; and the Court having set forth its opinion on the record on July 17, 2007, and having conducted a telephone conference with counsel concerning the form of this Order on August 22, 2007; and for good cause shown;

IT IS on this 27th day of August, 2007,

ORDERED THAT RELEASING DIVISION, AND (ATTORNEY) / THE COURT

Barney") be and hereby are enjoined and restrained as follows, pending further Order of the Court:

1. Ms. Barney will not hold an employment position or engage in any employment activities with Biomet other than in connection with Biomet's Dental Division. Biomet and its officers, agents and employees will not cause or permit Ms. Barney to do so. Biomet's Dental Division is also known as 3i.

2. Ms. Barney may have business-related conferences and communications only with Biomet employees who are employed by Biomet's Dental Division or in connection with work that applies only to the Dental Division. Ms. Barney may not have business-related conferences and communications relating to Orthopedics with Biomet employees. For purposes of this Order, "Orthopedics" means everything other than Biomet's Dental Division. For example, "Orthopedics" includes, but is not limited to, Biomet's Orthopedics, Spine (which includes the Bracing and Soft Goods Lines), Trauma, Sports Medicine and Microfixation (Cranial/Neuro) Divisions, all of which are competitive with Plaintiffs.

3. Ms. Barney shall not send to or receive from Biomet employees or agents written or electronic communications, such as emails, relating to Orthopedics, however, if Ms. Barney receives a written or electronic communication from Biomet's employees or agents that substantially relates to Biomet's Dental Division and also relates to Biomet's non-Dental business, the fact that Biomet did not redact the non-Dental references from such communication or that Ms. Barney reviewed such non-Dental references shall not be deemed a violation of this Order. Ms. Barney is not permitted to otherwise learn about Biomet's non-Dental business.

4. Ms. Barney may work at Biomet's Warsaw, Indiana facilities in connection with the Dental Division, but Ms. Barney's office will not be located adjacent to the group of Biomet employees who work in connection with Biomet's Orthopedics business.

5. Ms. Barney may not attend those portions of general or other meetings of Biomet where the Orthopedic aspect of Biomet's business might or would be discussed in any way. If a given meeting involves more than one Biomet business unit, Ms. Barney may attend only that portion of the meeting concerning Biomet's Dental Division, and will not attend or otherwise be involved in any way in other portions of the meeting regarding Orthopedics.

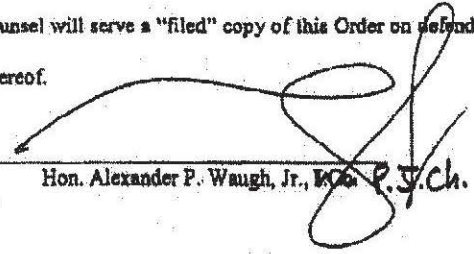
6. Ms. Barney will not disclose, use, disseminate, lecture upon or publish any of plaintiffs' confidential information, meaning, as defined in her Employee Secrecy, Non-Disclosure, Non-Competition and Non-Solicitation Agreement ("Agreement") with plaintiffs, information disclosed to Ms. Barney or known by Ms. Barney as a result of her employment by plaintiffs, not generally known to the trade or industry in which plaintiffs are engaged, about products, processes, technologies, machines, customers, clients, employees, services and strategies of plaintiffs, including, but not limited to, inventions, research, development, manufacturing, purchasing, finance, computer software, computer hardware, automated systems, engineering, marketing, merchandising, selling, sales volumes or strategies, number or location of sales representatives, names or significance of plaintiffs' customers or clients or their employees or representatives, preferences, needs or requirements, purchasing histories, or other customer or client-specific information. Plaintiffs recognize that defendants contest the validity of the Agreement; and it is further

7. ORDERED that, effective as of July 17, 2007, plaintiffs will supplement Ms. Barney's salary as provided in the Agreement, subject to discovery and modification of this Order by the Court; and it is further

ORDERED that the return date of plaintiffs' preliminary injunction motion is September 12, 2007 at 9:30 a.m.; and it is further

ORDERED that any party may move to dissolve or modify any temporary restraints herein contained on two (2) days notice to the other parties; and it is further

ORDERED that plaintiffs' counsel will serve a "filed" copy of this Order on defendants' counsel within 7 days of receipt hereof.


Hon. Alexander P. Waugh, Jr., E.C. P.J.ch.

3776045.5

LETTER OPINION – NOT FOR PUBLICATION

December 6, 2007

Dwight D. Lueck, Esquire
Barnes & Thornburg LLP
11 South Meridian Street
Indianapolis, IN 46204

FILED

DEC 06 2007

Judge Alexander P. Waugh, Jr.

William N. Howard, Esquire
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Suite 3000
311 S. Wacker Drive
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James P. Fenton, Esquire
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Re: J & J/DePuy v. Biomet, Inc. and Barney
Docket No. C-107-07
Appellate Division Docket No. AM-216-07
Amplification of Prior Statement of Reasons
Pursuant to R. 2:5-1(b)

Dear Counsel:

As you know, this matter was before me on October 4, 2007
for oral argument with respect to the Plaintiffs' application for a

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preliminary injunction. By letter dated October 11, 2007, I informed you that I had decided to continue the temporary restraints previously entered and briefly explained my reasons. The preliminary injunction was entered on November 2, 2007.

In the interim, on October 15, 2007, I entered an order for mediation pursuant to R. 1:40-4. The mediation was scheduled for November 29, 2007. Consequently, I deferred preparation of a more detailed opinion in the hope that the mediation would be successful.

A motion for leave to appeal was filed by the Defendants on November 23, 2007, which I believe was the last day to file such a motion, or close to it. Counsel agreed to the Plaintiffs' application to the Appellate Division for an extension of time to respond to the motion for leave to appeal, pending the mediation, which was granted. The mediation took place on November 29, 2007, but proved unsuccessful. Consequently, the Plaintiffs will be opposing the motion for leave to appeal. Pursuant to R. 2:5-1(b), I am exercising my right to submit "an amplification" of my prior very brief statement of reasons.

Before considering the facts presented on the application for a preliminary injunction, a review of the applicable law will be helpful. A court asked to enter preliminary injunctive relief must always bear in mind that "[t]he power to issue injunctions is the strongest weapon at the command of a court of equity, and its use, therefore, requires the exercise of great caution, deliberation and sound discretion." Light v. National Dyeing & Printing Co., 140 N.J. Eq. 506, 510 (Ch.1947).

The factors to be considered are well known. The party seeking preliminary injunctive relief must demonstrate (1) the need to prevent irreparable injury, (2) a reasonable probability of success on the merits, (3) a settled underlying legal right and (4) a

balancing of hardships that favors injunctive relief. Crowe v. De Gioia, 90 N.J. 126, 132-34 (1982); McKenzie v. Corzine, _____ N.J. Super. _____, _____ (App. Div. 2007); J.H. Renarde, Inc. v. Sims, 312 N.J. Super. 195, 206 (Ch. Div. 1998). If a court is doing more than preserving the status quo, it must determine whether all of the Crowe elements are present. McKenzie v. Corzine, _____ N.J. Super. at _____. And, contrary to the assertion of counsel for the Plaintiffs, a court must consider whether the Crowe factors "clearly and convincingly support[] the entry of injunctive relief." Ibid.

As will be seen, this case centers on the enforcement of a restrictive covenant, or covenant not to compete, in an employment agreement. New Jersey recognizes and will enforce post-employment restrictive covenants between an employer and employee, but only if they are reasonable and not merely intended to prevent "competition as such". Whitmyer Bros., Inc. v. Doyle, 58 N.J. 25, 33-34 (1971). While the employer cannot merely stifle competition, it has "a patently legitimate interest in protecting [] trade secrets as well as [] confidential business information and [] an equally legitimate interest in protecting [] customer relationships." Id. at 33. Such agreements will be enforced in whole or in part "to the extent reasonable under the circumstances." Solari Industries, Inc. v. Malady, 55 N.J. 571, 585 (1970). Such an agreement is reasonable when it protects the legitimate interests of the employer, imposes no undue hardship on the employee, and is not injurious to the public. Karlin v. Weinberg, 77 N.J. 408, 417 (1978).

Defendant Robin T. Barney ("Barney") was a high level executive of Plaintiff DePuy Orthopaedics, Inc. ("DePuy"). DePuy has offices in Warsaw, Indiana, which is where Barney worked at the time she left DePuy. Defendant Biomet, Inc. ("Biomet"), Barney's current employer, is also located in Warsaw, Indiana. Biomet offers many, if not most, of the same products as

DePuy and its affiliated companies. The issue here is whether the covenant not to compete signed by Barney while at DePuy prevents her from working immediately in the same product area for Biomet or whether she must wait eighteen months, or perhaps some shorter period, before doing so.

Plaintiff Johnson & Johnson (J & J), which is located in New Brunswick, New Jersey, has subsidiaries active in the development, promotion and sale of medical device and diagnostic ("MD&D") products, consumer products and pharmaceutical and biotechnology products. The MD&D portion of these J & J businesses includes six segments, one of which is DePuy, Inc. and its subsidiaries, which are sometimes referred to as the "DePuy franchise." Within that "franchise" are Plaintiff DePuy Orthopaedics, as well as DePuy Spine, DePuy Mitek (sports medicine) and Codman (neurology). Codman products include products used for cranial and maxillofacial reconstruction.

Barney worked for J & J operating companies for 15 years. Her resume described her progress from an engineering manager to various higher level positions in several locations, including Indiana, as follows: "VP, Spine Operations, DePuy (1999-2000, Raynham, Massachusetts)," "VP, US Joints, DePuy (2000-2002, Warsaw, Indiana)," "VP WW Joints, DePuy (2002-2004, Cork, Ireland)" to "VP, WW Operation, DePuy (2004 to [2007], Warsaw, Indiana)." In her resume, she described her duties as Vice President Worldwide Operations, her last position at DePuy, as being "[r]esponsible for all aspects of operations including: procurement, forecasting, planning, logistics, inventory management, manufacturing, and distribution - across all DePuy Operating Companies (Joints/Trauma/Extremities, Codman, Spine, and Mitek)."

Over the course of her employment at J & J/DePuy, Barney signed agreements containing covenants not to compete. The first

appears to have been in 1999 (when she first became a Vice President). There was another in 2000 and yet another in 2004. It appears that she did not sign such an agreement in 2002, when she went to DePuy's subsidiary in Ireland, because they are not permitted under Irish law.

The 2004 Employee Secrecy, Non-Competition and Non-Solicitation Agreement ("Agreement"), the one primarily at issue here, was signed after Barney returned from Ireland and was promoted to the position of Vice President, Worldwide Operations. It provides, in pertinent part, as follows:

CONFIDENTIAL INFORMATION means information disclosed to me or known by me as a result of my employment by the COMPANY, not generally known to the trade or industry in which the COMPANY is engaged, about products, processes, machines, customers, clients, employees and services of the COMPANY, including but not limited to, inventions, research, development, manufacturing, purchasing, finance, data processing, engineering, marketing, merchandising, selling, sales volumes and strategies, number and location of sales representatives, names and significance of the COMPANY's customers and clients and their employees and representatives, preferences, needs and requirements, purchasing histories, and other customer or client-specific information, and comparable information about the products, processes, machines, customers, clients and services of affiliates of the COMPANY acquired by me during my employment by the COMPANY.

CONFLICTING PRODUCT means any product, process, machine, invention or service of any person or organization other than the COMPANY in existence or

under development which resembles or completes with a product, process, machine, invention or service upon which I shall have worked or about which I become knowledgeable as a result of employment with the COMPANY and whose use or marketability could be enhanced by application to it of CONFIDENTIAL INFORMATION which I shall have had access to during my employment.

CONFLICTING ORGANIZATION means any person or organization which is engaged in or about to become engaged in research on, consulting regarding, or development, production, marketing, or selling of a CONFLICTING PRODUCT.

* * *

5. I recognize that CONFIDENTIAL INFORMATION is of great value to the COMPANY, that the COMPANY has legitimate business interests in protecting its CONFIDENTIAL INFORMATION, and that the disclosure to anyone not authorized to receive such information, including a CONFLICTING ORGANIZATION, will cause immediate irreparable injury to the COMPANY. Unless I first secure the COMPANY's written consent, I will not disclose, use, disseminate, lecture upon or publish CONFIDENTIAL INFORMATION. I understand and agree that my obligations not to disclose, use, disseminate, lecture upon or publish CONFIDENTIAL INFORMATION shall continue after termination of my employment for any reason.

6. During my employment with the company and for a period of eighteen (18) months after termination of my employment with the COMPANY for any reason, I

will not render services, directly or indirectly, to any CONFLICTING ORGANIZATION in the United States, or in any foreign country or territory in which the services I may provide could enhance the use or marketability of a CONFLICTING PRODUCT by application of CONFIDENTIAL INFORMATION which I shall have had access to during my employment, except that I may accept employment with a CONFLICTING ORGANIZATION whose business is diversified and which is, as to that part of its business in which I accept employment, not a CONFLICTING ORGANIZATION, provided that the COMPANY, prior to my accepting such employment, shall receive separate written assurances satisfactory to the COMPANY from such CONFLICTING ORGANIZATION and from me, that I will not render services directly or indirectly, for an 18-month period, in connection with any CONFLICTING PRODUCT.

7. I recognize that the COMPANY's relations with its accounts, customers and clients represents an important business asset that results from the COMPANY's significant investment of its time and resources. I further recognize that by virtue of my employment by the COMPANY, I have gained or gain relationships with the accounts, customers and clients of the COMPANY, and because of such relationships, I could cause the COMPANY great loss, damage, and immediate irreparable harm, if, during my employment by the COMPANY or subsequent to the termination of such employment for any reason, I should for myself or on behalf of any other person, entity, firm or corporation, sell, offer for sale, or solicit or assist in the sale of a product or service that could compete with a product or service being sold or developed by the

COMPANY. I therefore agree that during my employment with the COMPANY and for eighteen (18) months after termination of such employment for any reason, I will not solicit any business from, sell to, or render any service to, or, directly or indirectly, help others to solicit business from or render service or sell to, any of the accounts, customers or clients with whom I have had contact during the last twelve (12) months of my employment with the COMPANY, for any purpose related to the sale of any such product or service. I also agree that for a period of twelve (12) months after termination of employment with the COMPANY for any reason, I will not solicit or hire on my own behalf, or on behalf of others, any COMPANY employee.

(Emphasis in original).

Although Barney had signed several such agreements prior to her transfer to Ireland in 2002, she was not immediately asked to sign one upon her return to the United States and related promotion in 2004. When she was subsequently asked to sign one, she initially demurred. Barney testified that she understood that she would not receive her "bonus" for calendar year 2004 if she did not sign the Agreement. Earle Hanlin, the person who allegedly told her this, recalls telling her that she would not receive stock options or Certificates of Extra Compensation ("CECs") if she did not sign the Agreement. It appears that the awarding of bonuses, stock options and CECs are discretionary at DePuy.

While DePuy may have been heavy-handed in obtaining Barney's signature at that time, she had worked for DePuy/J & J long enough to know that people at her level were required to sign such agreements, as apparently is also the case at Biomet. Barney signed the Agreement and did not challenge its validity or notify DePuy that she did not consider herself to be bound by it for the

approximately three years she remained at DePuy, during which time she continued to receive the full salary, as well as discretionary benefits and additional remuneration, of her position as Vice President of World Wide Operations. See Martindale v. Sandvik, Inc., 173 N.J. 76, 88-89 (2002) and Hogan v. Bergen Brunswick Corp., 153 N.J. Super. 37, 43 (App. Div. 1977) for the proposition that continued employment can be consideration for such an agreement.

Barney also contends that, prior to her execution of the Agreement, Hanlin told her that covenants such as the one contained in the Agreement "were intended only for enforcement against personnel employed in sales, marketing, or research and development functions." Barney testified that this recollection is supported by an email from Lawrence Cunningham that Hanlin showed her at the time. The emails exchanged between Cunningham and Hanlin are not entirely consistent with Barney's recollection. The emails from Cunningham state that covenants not to compete were to protect trade secrets and intellectual property, and "unless there's a blatant conflict of interest, usually in a scientific or technical field, they are virtually not enforceable."

However, Barney never asked Hanlin whether DePuy would seek to enforce the covenant against her: "We never talked about enforcement against me." Moreover, Barney recognized that Hanlin "wasn't a crystal ball reader."¹ In any event, it is clear that Barney does not even allege that she was actually told that the Agreement would not be enforced against her. I see no factual

¹ At the time that Hanlin engaged in the discussion, he was in the role of supporting Barney for personnel purposes; he was not her superior. Barney did not speak about the issue of enforcement of the covenant as to her with Cunningham, the individual who had asked Hanlin to seek signature of the Agreement, nor with Tony Vernon, the person to whom she reported at the time.

and definite promise, (ii) made with the expectation that the other party will rely upon that promise, (iii) the other party reasonably relied on the promise, and (iv) the other party suffers a substantial detriment. Royal Assocs. v. Concannon, 200 N.J. Super. 84, 91-92 (App. Div. 1985). Certainly there is no indication of fraud. See Jewish Center of Sussex County v. Whale, 86 N.J. 619, 624-26 (1981).

Barney clearly had access to significant amounts of confidential and proprietary information belonging to J & J/DePuy as part of her work for the DePuy franchise. Barney was provided with the following types of information, among others: sales information, data relating to cost savings of DePuy and its affiliated companies, information assessing the capabilities of key employees, information concerning the profitability and annualized savings of the DePuy franchise by operating company, information, at a level of detail not known to the public, concerning standard cost information and products being developed by DePuy. She was involved in discussions concerning the DePuy franchise's business planning and future strategies, such as an Operations Strategic Plan including plans and projections for headcount, inventory levels and capital expenditures through to 2013.

Barney was involved in many aspects of strategic planning. By way of example, Barney was a member of the DePuy Global Management Board ("GMB") from 2003 or 2004 to the time of her resignation. The GMB is comprised of senior commercial representatives from the entire DePuy global franchise: (1) Orthopaedics, (2) Spine, (3) Mitek (sports medicine) and (4) Codman (neurology). The GMB is also comprised of senior functional leaders from across the DePuy franchise, including operations, quality, finance, human resources, information technology, business development, research & development,

communications, health care compliance and legal. The GMB met on a quarterly basis from the third quarter of 2005 through approximately October 2006. The GMB then met on a monthly basis again from approximately November 2006 through the second quarter of 2007.

Because the GMB is extensively involved in the strategic planning and tactical execution for the entire DePuy global franchise, members of the GMB are privy to confidential, proprietary and trade secret information concerning all four of the DePuy companies: (1) Orthopaedics, (2) Spine, (3) Mitek (sports medicine) and (4) Codman (neurology). The GMB's strategic operational focus is on the present and the short- and mid-term – it examines the current year and approximately the next 18-24 month period, as well as strategic business planning for approximately a seven year horizon. Other activities and sources of information are found in the record on the application for the preliminary injunction.

Barney was also a member of J & J's Medical Device and Diagnostics ("MD&D") Council and its Worldwide Operations Council. The MD&D Council provides strategic planning for the facilities, equipment and personnel needed to manufacture and distribute the products of J & J's MD&D business, which includes five companies other than DePuy: Cordis (interventional cardiology); Life Scan (diabetes management); Ortho Clinical Diagnostics (diagnostics and other testing equipment); Ethicon-Endo (minimally invasive surgical products and equipment); and Ethicon (surgical closures and binding materials such as sutures). Until the beginning of 2006, Ms. Barney chaired the MD&D Council, and thereafter she served as DePuy's representative on that Council. Ms. Barney also served on the J & J Worldwide Operations Council, which focuses on developing strategies to ensure that J & J's products are of the highest quality, while improving the cost of goods and effective tax rates. That Council

focuses on implementing best practices and operations across J & J and reviews J & J's three major business groups: (1) Medical Device and Diagnostics; (2) Consumer; and (3) Pharmaceutical and Biotechnology.

In my view, the record is quite clear that Barney had access on a regular basis to the type of confidential business information that is appropriately subject to protection, with or without a covenant not to compete. Whitmyer Bros., Inc. v. Doyle, 58 N.J. at 33. Tellingly, in my view, Biomet expects Barney to sign a covenant not to compete with it, although it had not yet been signed as of the date of oral argument. In addition, when Biomet produced some business information similar to the DePuy information to which Barney had access, it did so subject to a confidentiality order. There is no basis in the record to conclude that the types of information to which Barney had access were simply "matters of general knowledge within the industry" or "routine or trivial differences in practices and methods", which are not entitled to protection from competitors. Id. at 33-34.

In the spring of 2007, Barney was dissatisfied with her work at DePuy and disappointed that she had not received a promotion that she believed had been promised to her. Although Barney claims that she was deprived of the promotion by a new superior who acted for discriminatory (gender-based) reasons, she has not filed a counterclaim stating such a cause of action nor has she set forth a compelling factual case, as opposed to assertions, for such discrimination at this point. Had she done so, I would have considered the issue in weighing the Crowe factors.

Barney contacted a former President of DePuy Orthopaedics, and asked him to put her in contact with Jeffrey Binder (Binder), the President of Biomet - himself a former President of DePuy Orthopaedics. Barney informed Binder that she had executed a confidentiality and non-compete agreement with Plaintiffs and provided him with a copy of the Agreement. Attorneys for Barney and Biomet discussed the Agreement at some length. Barney's counsel told Biomet's counsel "[t]hat someone in the human resources department at DePuy had explained to Robin that [covenants not to compete] were typically only enforced against employees working in sales and marketing or research and development."

During the course of negotiations with Biomet, Barney requested and Biomet agreed that Biomet would indemnify her against any claims that DePuy might make against her based on the Agreement. Barney also negotiated a provision that, in the event that she were to be enjoined from working in the orthopedics area, Biomet would place her in a suitable alternative position or business unit until her restriction expired. Biomet's dental division, in which Barney now works, was the only division discussed at the time.

Barney continued her activities at DePuy while she was negotiating her new employment arrangement with Biomet. She participated in portions of a two day GMB meeting in New Brunswick, New Jersey on April 17 and 18, 2007.

Barney received a draft offer letter from Biomet in early May, as well as a draft resignation letter prepared by counsel for Biomet. The offer letter referenced a number of other documents, including "Biomet's Confidentiality, Non-Disclosure and Non-Competition Agreement." On May 4, 2007, Barney's counsel asked for a copy of this Non-Competition Agreement and expressed the concern that "Ms. Barney is reluctant to sign another

non-competition agreement given the problems the agreement with DePuy is causing.”

A revised offer letter was received on or about May 8, 2007. The Biomet Non-Competition Agreement was also provided. That covenant not to compete appears to be more restrictive than DePuy’s covenant. While DePuy’s covenant allows Barney to work for a non-competitive division of a competing organization, Biomet’s covenant prohibits the employee from working, directly or indirectly, “with a person or entity which directly competes with the Company.”

On May 4, Ms. Barney conducted research on her computer in an attempt to determine whether Plaintiffs had been successful in enforcing a covenant not to compete against a Worldwide Vice President of New Business Development for DePuy Spine, who apparently left DePuy to work for a competitor.

Barney announced her resignation to Michael Mahoney, company group chairman for DePuy, on May 9, 2007. In her resignation letter, Barney informed DePuy that she intended to take the position of Senior Vice President of Operating Systems at Biomet. DePuy advised Barney that resignation would be effective as of May 23, 2007, and that she would continue to receive compensation through that date.

In a letter dated May 14, 2007, DePuy placed Biomet on notice that it did not believe that Barney could fulfill the duties for Biomet identified in Barney’s resignation letter without violating her obligations to DePuy under the Agreement. Plaintiffs filed their Verified Complaint with this Court on May 21, 2007. Barney was served with the Verified Complaint on May 23, 2007.

Barney reported to Biomet’s headquarters in Warsaw, Indiana on May 24 or 25, 2007 to fill out the paperwork needed to

begin employment with that company.² She filled out an Application for Employment in which she answered "Yes" to the question: "Are you bound by any employment contract, or non-competition agreement that may be breached by your employment with Biomet and/or does your current or any previous employer restrict your work activities after leaving their employment, for any period of time?" The Application then asked: "If 'yes,' until what date?" Ms. Barney responded: "See Non-Compete." Biomet inquired further: "What type of restriction?" Ms. Barney answered: "Non-Compete."

Biomet compensated Barney consistent with her offer letter, providing for an annual salary of \$275,000 per year, plus benefits and a car allowance. This compensation was effective May 24, 2007. Barney started her employment with Biomet as its Senior Vice President of Operating Systems. She was placed in an office just "down the hall" from the office of Jeffrey Binder, the President of Biomet. She was given access to all of Biomet's data, not just data relating to the dental division (Biomet 3i), so that she could "learn about the company". She was also given plant tours of Biomet's Warsaw facilities. I understand that most of Biomet 3i's manufacturing facilities, on the other hand, are in Florida. That Barney has to travel to Florida to perform some of her duties for 3i, while perhaps inconvenient, is not a true hardship because her work has always involved travel to some extent.

On June 15, 2007, after it became clear that DePuy was pressing to enforce the Agreement, Biomet formally transferred Barney to Biomet 3i and reduced her compensation from \$275,000 to \$75,000. Biomet's Director of Corporate Human Resources was told that the transfer had "something to do with the, with the

² Barney lived and worked for DePuy in Warsaw both prior to and after her stint at DePuy Ireland. She had apparently moved to Warsaw from Massachusetts in 2000, as part of a DePuy reassignment or promotion.

attorneys." Barney did not seek to negotiate the \$75,000 amount with Biomet. According to Biomet, that amount reflects what a Biomet employee in a similar position would receive.

Four days later, on June 19, 2007, counsel for Barney sent a letter to counsel for Plaintiffs seeking to invoke the provisions of the Agreement requiring DePuy to make up a salary differential in the event the Agreement barred certain employment opportunities:

Please be advised that, effective June 4, 2007, our client, Robin Barney, was hired by Biomet Dental as Manager of Lean Manufacturing. Her starting salary is \$75,000. Pursuant to paragraph 9 of the Non-Competition Agreement with your client, DePuy, claims is an issue in this matter (a position with which our client strongly disagrees), demand is hereby made for immediate payment of the difference between Ms. Barney's salary at Biomet Dental and her total gross compensation when she was employed by DePuy.

Although I required Plaintiffs to provide the salary differential as a condition of both the TRO and the preliminary injunction, there are disputes as to whether the \$75,000 salary is artificially low and whether Barney made a good faith search for other employment that would not have implicated the salary differential provisions of the Agreement with DePuy. In my view, those are both very viable issues, which is why I have not viewed the Plaintiffs' failure to agree to the payments immediately a breach of the Agreement which might excuse Barney's further obligations under the covenant not to compete.

Despite Barney's transfer to Biomet 3i, she apparently continued to perform some work as Vice President of Operations. On Saturday, June 23, she sent an email to Biomet's President, analyzing domestic and international backorders of all Biomet

product, including orthopedic implants and instruments. On June 24, she requested information about orthopedic product open orders because "Jeff B. is asking a lot of questions, so I need to get some answers quickly." On June 30, Barney sent Binder her proposals for reorganization of all of Biomet's worldwide operations, although she now contends that these were not requested by Binder. On July 5, Barney reviewed the progress of Biomet's entire LEAN manufacturing program with Biomet's LEAN leader. On July 7, Barney complained about the "lousy result for spine last week" and asked what issues needed to be addressed. On Sunday, July 15, Barney was communicating with other Biomet employees about "knee forecast data."

On July 17, 2007, after requiring the Plaintiffs to give Biomet and Barney notice of the application, I heard argument on the Plaintiffs' application for a Temporary Restraining Order. I granted temporary restraints for the reasons set forth on the record on July 17, 2007.³ Because there were disagreements about the form of the order, I held a telephone conference with counsel on August 22, 2007. The TRO was filed on August 27, 2007.

There is little doubt, in my view, that the Agreement, as applied to Barney, meets the general requirements of New Jersey law as set forth in Solari, Whitmyer and Karlin. Barney was a high-ranking executive who was privy to clearly confidential business information of the DePuy franchise well beyond that available to the general public or other competitors in the field. The record created by Plaintiffs, in connection with both applications for injunctive relief, supports their position in that regard.

³ It does not appear that the Defendants made those reasons a part of the record on their application for leave to appeal.

Whether the information could properly be categorized as "trade secrets", such as the formula for Coke, is beside the point, inasmuch as Whitmyer Bros., Inc. v. Doyle, 58 N.J. at 33, holds that an employer has "a patently legitimate interest in protecting [c]onfidential business information" in addition to trade secrets. The broad range of present and future business planning, development, manufacturing and product development information to which Barney was privy can easily be characterized as a "compilation which one uses in [] business and which gives [the business] an opportunity to obtain an advantage over competitors who do not know or use it." Sun Dial Corp. v. Rideout, 16 N.J. 252, 259-60 (1954); National Starch & Chem. Corp. v. Parker Chem. Corp., 219 N.J. Super. 158, 530 A.2d 31 (App. Div. 1987).

It is also clear to me that Barney had access to confidential business information concerning "the use or marketability" of DePuy franchise products, as that term is used in Paragraph 6 of the Agreement. In addition, I do not agree with the Defendants' argument that "marketability" is limited to sales, whereas Barney's area of particular expertise is cutting manufacturing costs. In my view, a common sense understanding of "marketability" includes the ability to reduce the cost of manufacture so that the product can be priced competitively, i.e. at a lower price than a competing product. While lower manufacturing costs can also enhance profitability, i.e., selling at the same price as a competitor and therefore making more profit, such close parsing of the language is not mandated by the longstanding judicial requirement that an ambiguous contract be interpreted against its drafter.

Barney was Vice President for World Wide Operations and travelled to various locations for the DePuy franchise. Consequently, this is not the type of situation, such as a localized business, in which a court might consider whether the territorial parameters of the covenant are excessive, nor do I understand that to be an issue.

Whether, under the circumstances of this case, the appropriate period of employment restriction is 18 months, or whether the information involved becomes stale and Ms. Barney's ability to recall it becomes too limited earlier than 18 months after leaving DePuy, remains to be seen. Because of that concern, I have scheduled the trial to begin on February 26, 2008.

For all of these reasons, I have concluded that the Plaintiffs have provided clear and convincing support for their application for preliminary injunctive relief as to their likelihood of success on the merits in light of the uncontroverted "material facts" and the settled legal nature of their claim, which are two of the four Crowe factors. Parks v. Commerce Bank, N.A., 377 N.J. Super. 378, 387 (App. Div. 2005).

I am also satisfied that the Plaintiffs have satisfied their obligation to make a clear and convincing case for irreparable harm and the balancing of hardships in their favor. The essence of the Agreement between DePuy and Barney, in addition to a promise never to disclose confidential information, is the requirement that Barney not work for a competing company with respect to a competing product for 18 months. Clearly the purpose of this prohibition is to preclude the likelihood of either an inadvertent disclosure of protected information, avoiding for a reasonable period of time what the theologians might call "the occasion of sin", or a disclosure, whether verbal or otherwise, resulting from the employee's immediately doing essentially the same work for the competitor with fresh knowledge of the former employer's confidential information. The concept of "inevitable disclosure" is recognized in Nat'l Starch & Chem. Corp. v. Parker Chem. Corp., 219 N.J. Super. 158, 162 (App. Div. 1987).

The value to the former employer of the "time-out" in working for a competitor is clearly and dramatically reduced if the

"time-out" does not take place until the litigation is concluded. During the time the litigation is taking place, the former employee, in this case Barney, would be sitting in the same sort of meetings she attended for DePuy and talking about the same sort of issues she discussed at DePuy meetings, with knowledge of DePuy confidential information fresh in her mind, but the meetings would be for the benefit of a competitor and would be about similar products that compete with DePuy products. She would be overseeing the same sort of manufacturing processes and seeking to make them as cost-effective as possible for the competitor, again with fresh knowledge of how DePuy does the very same thing.

The lost value of the "time-out" immediately upon beginning similar employment for the new employer would be impossible to quantify monetarily. In addition, a "time-out" long after the change in employment would probably serve little, if any, purpose. Of course, all of that would not be a reason to enforce the covenant pending the litigation in the absence of the other Crowe factors. It would go significantly beyond merely preserving the status quo.

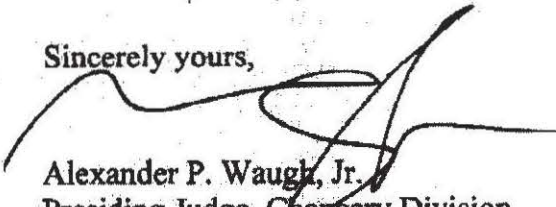
With respect to the balancing of the hardships, I noted above that I have required DePuy to pay Barney the salary differential as a condition to preliminary injunctive relief. I did so not because I am totally convinced that Barney is entitled to it contractually, but specifically to balance the hardships. Although she changed employers for her own purposes and knowing that she had signed the Agreement, I wanted to make sure that she would not be without the salary she had while at DePuy while the preliminary injunctive relief was in effect. To require Barney to work, during the litigation, for a salary \$200,000 lower than she would earn absent enforcement of the Agreement, would, in my view, have tipped the balance of hardships in her favor.

I have already noted that DePuy questions her entitlement to the differential, and that will be a matter of proof at trial. I also

note that Biomet has agreed to indemnify Barney. Consequently, depending upon the decision on this issue at trial, there may be some need to adjust who is ultimately responsible for the cost, including the possibility that Biomet or Barney may be required to reimburse DePuy. If Barney is required to do so, she may be entitled to indemnification from Biomet under the terms of their agreement.

For all of these reasons, I am satisfied that the Plaintiffs presented a clear and convincing case for preliminary injunctive relief under all of the Crowe factors. Because I attempted to tailor the TRO to be as fair and focused as possible, I continued those restraints in the preliminary injunction. I have also set a trial date at the end of February 2008.⁴

Sincerely yours,



Alexander P. Waugh, Jr.
Presiding Judge, Chancery Division

⁴ Although not the subject of the motion for leave to appeal, I also concluded that New Jersey is an appropriate forum and that the Plaintiffs' choice of New Jersey as the forum is reasonable. J & J is the parent company of the DePuy entities and is headquartered in New Jersey. Ms. Barney has traveled to New Jersey, and other states, for business meetings on a regular basis while working for DePuy. Ms. Barney currently travels to other states as part of her new duties for Biomet. New Jersey has an interest in providing a forum for its corporate citizens in matters such as this. The sources of proof are not solely outside of New Jersey, and in fact some of them are within the same municipality as the courthouse where the trial will take place. See Kurzke v. Nissan Motor Corp. in U.S.A., 164 N.J. 159, 164-166 (2000).

EXHIBIT 4

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FILED Santa Clara County
10/27/10 4:00pm
David H. Yamasaki
Chief Executive Officer
By: cfujiyara DTSCIV010101
R#201000118738
CK \$40.00
TL \$40200
Case: 1-10-CV-183148

SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SANTA CLARA

INTUITIVE SURGICAL, INC., a Delaware
Corporation; and KEVIN MEWBORN, an
individual

Plaintiffs,

vs.

ETHICON ENDO-SURGERY, INC., an
Ohio Corporation and DOES 1-10, inclusive,

Defendants.

Case No. 110-CV-183148

**ETHICON ENDO-SURGERY, INC.'S
NOTICE OF MOTION FOR
RECONSIDERATION OF THE
ORDER GRANTING PRELIMINARY
INJUNCTION OR, IN THE
ALTERNATIVE, MOTION TO
DISSOLVE THE PRELIMINARY
INJUNCTION**

Date: November 30, 2010
Time: 9:00 a.m.
Dept.: 22

Complaint Filed: September 21, 2010

TO EACH PARTY AND TO THE COUNSEL OF RECORD FOR EACH PARTY:

YOU ARE HEREBY NOTIFIED THAT on November 30, 2010 at 9:00 a.m., in
Department 22 of this Court located at 161 N. First Street, San Jose CA 95113, Defendant
Ethicon Endo-Surgery, Inc. ("Defendant") will and hereby does move this Court to reconsider its
October 19, 2010 Order granting plaintiffs' Kevin Mewborn ("Mewborn") and Intuitive Surgical,
Inc. ("Intuitive") (collectively, "Plaintiffs") motion for preliminary injunction. In the
alternative, Defendant moves this Court to dissolve the preliminary injunction entered on October

ETHICON ENDO-SURGERY, INC.'S NOTICE OF MOTION FOR RECONSIDERATION OF
THE ORDER GRANTING PRELIMINARY INJUNCTION OR, IN THE ALTERNATIVE,
THE ORDER DISSOLVING PRELIMINARY INJUNCTION (Case No. 110-CV-183148)

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This motion for reconsideration is made pursuant to California Code of Civil Procedure §1008, on the grounds that new or different facts, circumstances and law exist that were not presented at the hearing on the motion for preliminary injunction, and if available, would require a different result.

The motion to dissolve the preliminary injunction entered on October 19, 2010 is made pursuant to California Code of Civil Procedure §533, on the grounds that these new facts and circumstances constitute a material change in the facts and law upon which the preliminary injunction was granted. Moreover, dissolution of the preliminary injunction would serve the ends of justice, in that this Court's Order would be compatible with orders in sister states enforcing the non-compete agreements.

This motion is based upon this Notice of Motion, the Memorandum of Points and Authorities, the Declaration of Rebecca K. Kimura, the Declaration of Todd Gregory, the Request for Judicial Notice, the pleadings on file in this case and other such arguments and evidence as may be presented in connection with the hearing on this motion.

DATED: October 27, 2010

LAFAYETTE & KUMAGAI, LLP


REBECCA K. KIMURA
Attorneys for Defendant
ETHICON ENDO-SURGERY, INC.

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6 ETHICON ENDO-SURGERY, INC.

2010 OCT 27 P 3:30

Do not
By

7
8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 IN AND FOR THE COUNTY OF SANTA CLARA

10
11 INTUITIVE SURGICAL, INC., a Delaware
12 Corporation; and KEVIN MEWBORN, an
individual

13 Plaintiffs,

14 vs.

15 ETHICON ENDO-SURGERY, INC., an
16 Ohio Corporation and DOES 1-10, inclusive,

17 Defendants.

Case No. 110-CV-183148

**ETHICON ENDO-SURGERY, INC.'S
MOTION FOR RECONSIDERATION
OF THE ORDER GRANTING
PRELIMINARY INJUNCTION OR, IN
THE ALTERNATIVE, MOTION TO
DISSOLVE THE PRELIMINARY
INJUNCTION**

Date: November 30, 2010
Time: 9:00 a.m.
Dept.: 22

Complaint Filed: September 21, 2010

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ETHICON ENDO-SURGERY, INC.'S MOTION FOR RECONSIDERATION OF THE ORDER
GRANTING PRELIMINARY INJUNCTION OR, IN THE ALTERNATIVE, MOTION TO
DISSOLVE THE PRELIMINARY INJUNCTION (Case No. 110-CV-183148)

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Defendant Ethicon Endo-Surgery, Inc. ("Ethicon") moves for reconsideration of this Court's October 19, 2010 Order granting plaintiffs' Kevin Mewborn ("Mewborn") and Intuitive Surgical, Inc. ("Intuitive") (collectively, "Plaintiffs") motion for preliminary injunction. In the alternative, Defendant moves this Court to dissolve the preliminary injunction entered on October 19, 2010.

This motion for reconsideration is made pursuant to California Code of Civil Procedure §1008, on the grounds that new or different facts, circumstances and law exist that were not presented at the hearing on the motion for preliminary injunction, and if available, would require a different result.

Reconsideration is proper, because the Court's Order is based in part on the Declaration of James O'Hara, submitted in support of Plaintiffs' argument that Mewborn will be irreparably harmed if he is not allowed to participate in Intuitive's current training program. Although Defendant filed objections to the declaration, arguing that Mr. O'Hara's opinions lacked foundation, were speculative, and not the proper subject of expert testimony, this Court overruled the objections.

Defendant now presents new facts of which it was unaware at the time it filed its opposition to Plaintiff's motion for a preliminary injunction. First, because Defendant had a short amount of time to conduct discovery, there was insufficient time to obtain a commission for an out-of-state subpoena to take the deposition of Mr. O'Hara, and insufficient time to locate a rebuttal witness and obtain a contradictory declaration. Had Defendant been given the opportunity, it would have presented the declaration of Todd Gregory ("Gregory"), who was contacted by Plaintiffs' counsel, but was not provided the full facts on which to make a complete assessment of the case. Gregory's declaration presents new facts that dispute whether Mewborn would be irreparably harmed by a gap in employment.

Second, Defendant presents new evidence only recently obtained from discovery in the parallel action in North Carolina, showing elements of bad faith and possible misappropriation of trade secret and/or proprietary information.

ETHICON ENDO-SURGERY, INC.'S MOTION FOR RECONSIDERATION OF THE ORDER
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1 have been routinely upheld and enforced in New Jersey state courts under New Jersey law.

2 Given these new facts and law, and in particular, the evidence contradicting Mr. O'Hara's
3 declaration, Defendant requests that this Court reconsider its Order granting the preliminary
4 injunction, and allow Defendant to take the deposition of Mr. O'Hara on an expedited basis
5 before making its redetermination.

6 In the alternative, Defendant requests that this Court dissolve its October 19, 2010 Order
7 granting the preliminary injunction, as these new facts and circumstances constitute a material
8 change in the facts and law upon which the preliminary injunction was granted. Moreover,
9 dissolution of the preliminary injunction would serve the ends of justice, in that this Court's
10 Order would be compatible with orders in sister states upholding Defendant's non-compete
11 agreements under New Jersey law.

12 II. STATEMENT OF FACTS

13 On September 28, 2010, Defendant received notice that Plaintiffs would appear *ex parte*
14 the next morning for a temporary restraining order preventing EES from enforcing the non-
15 compete provision against Mewborn. (Declaration of Rebecca Kimura in Support of Motion for
16 Reconsideration ("Kimura Decl.") ¶ 2).

17 On September 29, 2010, Plaintiffs served Defendant with their moving papers at the *ex*
18 *parte* hearing. (*Id.* ¶ 3). In support of their application for a temporary restraining order and
19 order to show cause re: preliminary injunction, Plaintiffs submitted the Declaration of James
20 O'Hara. (*Id.* ¶ 4). Mr. O'Hara stated that he had only reviewed the Complaint, EES' Employee
21 Secrecy, Non-Competition, and Non-Solicitation Agreement, the Declaration of plaintiff
22 Mewborn, and the Declaration of Jim Alecxih. (*Ibid.*) Based on the information he was given,
23 Mr. O'Hara declared that Mewborn would be irreparably harmed by any gap in employment, in
24 terms of eligibility for future employment and success in the medical-device sales field. (*Ibid.*)

25 On September 29, 2010, this Court denied Plaintiffs' motion for temporary restraining
26 order, and set a briefing schedule for Plaintiffs' motion for preliminary injunction. (*Id.* ¶ 5).

27 On October 12, 2010, Defendant filed its Opposition to the motion for preliminary
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ETHICON ENDO-SURGERY, INC.'S MOTION FOR RECONSIDERATION OF THE ORDER
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not have sufficient time to obtain an out-of-state commission for a subpoena to take a deposition. Nor was there sufficient time for Defendant to find a witness to rebut Mr. O'Hara's declaration and provide a different opinion. (*Id.* ¶ 7). However, Defendant filed objections to the Declaration of James O'Hara. (*Ibid.*)

On October 13, 2010, the preliminary injunction motion was heard, and this Court overruled Defendant's objections to Mr. O'Hara's declaration. (*Id.* ¶ 8). At the hearing, this Court found that, based on Mr. O'Hara's declaration, Mewborn had shown that he would be irreparably harmed if he were not allowed to participate in Intuitive's current training program.

(*Id.* ¶ 9).

On October 19, 2010, this Court entered its Order granting Plaintiffs' motion for a preliminary injunction. (*Id.* ¶ 10) According to the terms of the Order, it was to remain in force until a final decision is rendered in this matter, "or upon further order of the court."

Subsequently, on October 21, 2010, Mewborn served (by mail) his responses to EES' expedited request for production of documents in the parallel action pending in North Carolina, *Ethicon Endo-Surgery, Inc. v. Kevin Mewborn and Intuitive Surgical, Inc.*, New Hanover County, North Carolina, Case No. 10CV04627. (Kimura Decl. ¶ 11).

Moreover, during that time, Defendant was able to locate a witness who had been contacted by Plaintiffs' counsel to evaluate Mewborn's employment situation, and provided a declaration disputing the opinions given by Mr. O'Hara. (*Id.* ¶ 12; See Declaration of Todd Gregory ("Gregory Decl.")).

III. ARGUMENT

A. DEFENDANT IS ENTITLED TO RECONSIDERATION OF THIS COURT'S OCTOBER 19, 2010 ORDER BASED ON NEW FACTS AND LAW.

California Code of Civil Procedure Section 1008(a) provides that a party may move for

¹ Because of excusable attorney mistake, Defendant mistakenly calendared its opposition to be due October 12, 2010 rather than October 5, 2010. Upon Defendant's ex parte application to continue the briefing and hearing schedule, this Court allowed the hearing to proceed as scheduled and considered all papers submitted. (*Id.* ¶ 6).

ETHICON ENDO-SURGERY, INC.'S MOTION FOR RECONSIDERATION OF THE ORDER GRANTING PRELIMINARY INJUNCTION OR, IN THE ALTERNATIVE, MOTION TO DISSOLVE THE PRELIMINARY INJUNCTION (Case No. 1:10-CV-183148)

1 *reconsideration of a court ruling, the court*
 2 this case, new facts and circumstances exist that were neither available nor briefed in Defendant's
 3 Opposition to Plaintiffs' motion for preliminary injunction.

4 1. Declaration of Todd Gregory.

5 First, Defendant only had thirteen (13) days in which to prepare and file its Opposition
 6 papers. This short amount of time was insufficient to obtain a commission for an out-of-town
 7 subpoena to take the deposition of James O'Hara. Mr. O'Hara states in his Declaration that his
 8 office is based in Princeton, New Jersey. Had Defendant been able to depose Mr. O'Hara, it
 9 would have examined, among other things, the basis for his opinions, his qualifications, and what
 10 he was told by Plaintiffs' counsel. Instead, Defendant filed objections to Mr. O'Hara's
 11 Declaration, as there was no foundation or support for his opinions, and are based on speculation
 12 and hearsay. Mr. O'Hara did not reference any statistical evidence, or historical data or utilize
 13 any scientific or generally accepted methodology to reach his conclusions, and therefore it was
 14 not the proper subject of expert testimony. Without more, the opinions expressed by Mr. O'Hara
 15 are merely one recruiter's opinion as to Mr. Mewborn's employability.

16 After the briefing period and hearing on the motion for preliminary injunction, Defendant
 17 was able to locate a witness who had been contacted by Plaintiffs' counsel to evaluate this case,
 18 and who disputes Mr. O'Hara's assumptions and opinions. Defendant obtained a declaration
 19 from this witness, Todd Gregory, that puts into serious doubt the validity of Mr. O'Hara's
 20 opinions regarding irreparable harm. (Gregory Decl. ¶¶ 10-15). Among other things, Gregory
 21 states that when Plaintiffs' counsel contacted him for an evaluation, he was not told important
 22 information about the case, including the fact that EES would pay Mewborn his salary for 18
 23 months, and that more than 15 employees had recently left EES and were recruited by Intuitive
 24 but only 4 were asked to honor the non-compete agreement. (*Id.* ¶16) He was also not provided
 25 important documents such as a copy of the non-compete agreement or any supporting
 26 declarations. (*Id.* ¶ 17). Gregory also states that enforcement of the non-compete agreement
 27 does not necessarily create a gap in employment which causes irreparable harm. (*Id.* ¶¶ 12-15).
 28 In fact, in times of high unemployment, a gap in employment may not pose an impediment to 4

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1 ~~SECURING EMPLOYMENT~~
2 incorrect, as there would be no gap in employment as Mewborn would continue to be paid by
3 EES. (*Ibid.*) To the extent a gap in employment may impact hiring decisions, once the person is
4 hired, the gap is not an impediment to advancement. (*Id.* ¶ 13).

5 As this Court granted the preliminary injunction based primarily on Mr. O'Hara's opinion
6 as to irreparable harm, this Court should reconsideration the preliminary injunction Order in light
7 of new evidence disputing that a gap in employment would create irreparable harm to Mewborn.
8 As Plaintiffs have the high burden of proof to obtain a preliminary injunction, they have not met
9 that burden in light of new contrary evidence.

10 2. Responses to Requests for Documents.

11 Second, new facts exist which indicate bad faith on the part of Plaintiffs and possible
12 misappropriation of trade secrets. After the preliminary injunction Order was entered, Mewborn
13 and Intuitive served responses to EES' request for document production in the North Carolina
14 action. Based on Plaintiffs' discovery responses, there is further evidence that Mewborn may be
15 using EES' confidential and/or trade secret information to create an unfair advantage. In addition
16 to the fact that one week after Mewborn announced his resignation at EES, he logged on to an EES
17 web-based conference for active EES employees, which displayed confidential, proprietary and/or
18 trade-secret information regarding EES' new product line, marketing strategy, or performance,
19 Mewborn produced documents showing that he accepted employment with Intuitive back in
20 September 17, 2010 but did not give notice to Defendant until the next training session. Moreover,
21 his job description at Intuitive is substantially a recitation of his job duties at EES.

22 3. New Jersey Orders.

23 Third, in light of the discussion at the preliminary injunction hearing that the non-compete
24 agreements would be unenforceable under New Jersey law, Defendant submits the following
25 Orders entered by the courts in New Jersey, enforcing the exact same non-compete agreement
26 under New Jersey law.

27 In Johnson & Johnson v. Stentys, Inc., No. C-141-08 (N.J. Super. July 8, 2008), the
28 Superior Court of New Jersey, Middlesex County, granted Johnson & Johnson and Cordis'

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1 application for a temporary restraining order
2 violating an Employee Secrecy, Non-Competition and Non-Solicitation Agreement containing
3 the identical "Confidential Information," "Conflicting Product," and "Conflicting Organization"
4 provisions as are at issue in the present case. (See Request For Judicial Notice ("RJN") ¶ 1, Exh.
5 1). In the Stentys case, the New Jersey court enforced the agreement which prevented an
6 individual from being employed by any "Conflicting Organization" for a period of 18 months
7 after termination of employment with Cordis, or soliciting business for a period of 18 months
8 from any customers with whom he had contact during the last 12 months of employment with
9 Cordis, by enjoining defendants from permitting or holding any employment activity with
10 Stentys -- the competing company -- related to competing products, provided that the employee
11 be paid his gross monthly pay. (*Ibid.*)

12 In Johnson & Johnson and Cordis Corp. v. Invatec, LLC, et al., (N.J.Super. August 15,
13 2008), the Superior Court of New Jersey, Middlesex County, similarly granted Johnson &
14 Johnson's application for a temporary restraining order, enjoining Invatec and former employees
15 of Johnson & Johnson from permitting or holding any employment activity with Invatec -- a
16 competitor of plaintiff in that case -- related to competing products, for a period of 18 months to
17 2 years. (RJN ¶ 2, Exh. 2).

18 Again, in Johnson & Johnson, Depuy Orthopaedics, Inc. and Depuy Products, Inc. v.
19 Biomet, Inc. and Robin T. Barney, (N.J.Super. August 27, 2007), the Superior Court of New
20 Jersey, Middlesex County, granted Johnson & Johnson's application for a temporary restraining
21 order, enjoining Barney from holding an employment position or engage in any employment
22 activities with Biomet, other than in the non-competing Dental Division. (RJN ¶ 3, Exh. 3).
23 Barney was also enjoined from any communications or conferences other than as it applied to the
24 Dental Division, and plaintiffs were required to supplement Barney's salary as provided in the
25 non-compete agreement. (*Ibid.*) The non-compete agreement in that case was identical to the
26 non-compete agreement in this case, which prevented an individual from being employed by any
27 "Conflicting Organization" for a period of 18 months after termination of employment with
28 Johnson & Johnson companies, or soliciting business for a period of 18 months from any

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customers with whom he had contact during his employment with Johnson, by enjoining defendants from permitting or holding any employment activity with the competing company, related to competing products, provided that the employee be paid his gross monthly pay. (*Ibid.*)

Thereafter, in Johnson & Johnson, et al. v. Biomet, Inc. and Robin T. Barney, Superior Court of New Jersey, C.A. No. C-107-07, December 6, 2007, the court issued a Letter Opinion, granting Johnson & Johnson's application for a preliminary injunction concerning the non-compete agreement signed by Barney. (RJN ¶ 4, Exh. 4). There, the court unambiguously found that "the Agreement, as applied to Barney, meets the general requirements of New Jersey law as set forth in Solari, Whitmyer, and Karlin," as Barney was privy to confidential business information. (*Id.* at p. 17). Moreover, the court concluded that Johnson & Johnson had provided "clear and convincing support for their application for preliminary injunctive relief as to their likelihood of success on the merits," and "a clear and convincing case for irreparable harm and the balancing hardships in their favor." (*Id.* at p. 19).

As these identical non-compete agreements have been upheld and enforced in New Jersey courts, applying New Jersey law, Defendant has presented new law that was not before this Court at the preliminary injunction hearing on October 13, 2010, that supports Defendant's argument that Plaintiffs are not likely to succeed on the merits of the case. These agreements have been found to be narrowly tailored to protect the legitimate business interests of the employer, and the Court's October 19, 2010 preliminary injunction Order should be reconsidered in light of the new law presented.

B. IN THE ALTERNATIVE, THIS COURT SHOULD DISSOLVE THE PRELIMINARY INJUNCTION.

In the alternative, this Court should dissolve the preliminary injunction Order entered on October 19, 2010, on the basis that there has been a material change in the known facts since the time of the hearing on the preliminary injunction motion.

California Code of Civil Procedure Section 533 provides that "In any action, the court may on notice modify or dissolve an injunction or temporary restraining order upon a showing

ETHICON ENDO-SURGERY, INC.'S MOTION FOR RECONSIDERATION OF THE ORDER
GRANTING PRELIMINARY INJUNCTION OR, IN THE ALTERNATIVE, MOTION TO
DISSOLVE THE PRELIMINARY INJUNCTION (Case No. 1:10-CV-183148)

1 that there has been a material change in the law upon which the injunction or temporary restraining
 2 restraining order was granted, that the law upon which the injunction or temporary restraining
 3 order was granted has changed, or that the ends of justice would be served by the modification or
 4 dissolution of the injunction or temporary restraining order." See also Professional Engineers v.
 5 Dept. of Transportation (1997) 15 Cal.4th 543.

6 The facts that are now before this Court demonstrate that Plaintiffs are not likely to
 7 prevail on the merits at trial, and that Plaintiffs are not likely to suffer irreparable harm *pendente*
 8 *lite*, and the balance of hardships weigh in favor Defendant, because of the harm that Defendant
 9 may suffer if the preliminary injunction is not dissolved.


10 IV. CONCLUSION

11 For all the foregoing reasons, Defendant requests that this Court reconsider its October
 12 19, 2010 Order granting Plaintiffs' motion for preliminary injunction, and allow Defendant to
 13 take the deposition of James O'Hara on an expedited basis before ruling further on the
 14 preliminary injunction.

15 In the alternative, Defendant requests that this Court dissolve the preliminary injunction
 16 entered on October 19, 2010 in light of the material change in facts and law since the injunction
 17 was granted.

18
 19 DATED: October 27, 2010

LAFAYETTE & KUMAGAI, LLP

20 
 21 REBECCA K. KIMURA
 22 Attorneys for Defendant
 23 ETHICON ENDO-SURGERY, INC.
 24
 25
 26
 27
 28

ETHICON ENDO-SURGERY, INC.'S MOTION FOR RECONSIDERATION OF THE ORDER
 GRANTING PRELIMINARY INJUNCTION OR, IN THE ALTERNATIVE, MOTION TO
 DISSOLVE THE PRELIMINARY INJUNCTION (Case No. 1:10-CV-183148)

EXHIBIT 5

AND NON-SOLICITATION AGREEMENT

Name of Employee:

Kevin Mewborn

Residence Address:

614 Barksdale Rd.
Wilmington, DE 28409

As used in this Agreement:

the **COMPANY** means ETHICON ENDO-SURGERY, INC. and JOHNSON & JOHNSON and any of their successors or assigns, purchasers, acquirers, and any of their existing and future subsidiaries, divisions or affiliates, including any such subsidiary, division or affiliate of Johnson & Johnson to which I may be transferred or by which I may be employed in the future. Affiliates of the **COMPANY** are any corporation, entity or organization at least 50% owned by the **COMPANY**, by Johnson & Johnson or by any subsidiary of Johnson & Johnson.

I means the employee whose name appears above, also referred to by the use of first person pronouns, such as me and my.

INVENTIONS mean discoveries, improvements and/or ideas, whether patentable or not.

CONFIDENTIAL INFORMATION means information disclosed to me or known by me as a result of my employment by the **COMPANY**, not generally known to the trade or industry in which the **COMPANY** is engaged, about products, processes, technologies, machines, customers, clients, employees, services and strategies of the **COMPANY**, including, but not limited to, inventions, research, development, manufacturing, purchasing, finance, computer software, computer hardware, automated systems, engineering, marketing, merchandising, selling, sales volumes or strategies, number or location of sales representatives, names or significance of the **COMPANY**'s customers or clients or their employees or representatives, preferences, needs or requirements, purchasing histories, or other customer or client-specific information.

CONFLICTING PRODUCT means any product, process, technology, machine, invention or service of any person or organization other than the **COMPANY** in existence or under development which resembles or competes with a product, process, technology, machine, invention or service upon which I shall have worked or about which I become knowledgeable as a result of employment with the **COMPANY** and whose use or marketability could be enhanced by application to it of **CONFIDENTIAL INFORMATION** which I shall have had access to during my employment.

CONFLICTING ORGANIZATION means any person or organization which is engaged in or about to become engaged in research in, consulting regarding, or development, production, marketing, or selling of a **CONFLICTING PRODUCT**.

I recognize that the business in which the **COMPANY** is engaged is extremely competitive and that the **COMPANY** will be providing me with **CONFIDENTIAL INFORMATION** both at the commencement of my employment and thereafter and may also be providing me with the opportunity to contribute to the creation of **CONFIDENTIAL INFORMATION**, which will assist both the **COMPANY** and me in competing effectively. I recognize that **CONFIDENTIAL INFORMATION** is significant to the **COMPANY**'s competitive position and that the **COMPANY** therefore expects me to keep it secret and also expects me not to compete with the **COMPANY** during my employment and for a period of time thereafter.

Accordingly, in consideration of the receipt of **CONFIDENTIAL INFORMATION**, my employment or the continuation of my employment by the **COMPANY**, and other benefits being provided to me in connection with this Agreement, including those provided pursuant to paragraph 9:

I agree to disclose promptly to the **COMPANY** all **INVENTIONS** conceived or made by me whether or not during my hours of employment or with the use of the **COMPANY**'s facilities, materials or personnel, either solely or jointly with another or others during my employment with the **COMPANY**, and related to the actual or anticipated business or activities of the **COMPANY**, or related to its actual or anticipated research and development or suggested by or resulting from any task assigned to me or work performed by me for, or on behalf of, the **COMPANY**. I assign and agree to assign my entire right, title and interest therein to the **COMPANY**. I will not assert any rights under or to any **INVENTIONS** as having been made or acquired by me prior to my being employed by the **COMPANY** unless such **INVENTIONS** are identified on a sheet attached hereto and signed by me and the **COMPANY** as of the date of this Agreement.

I recognize that all works, including, but not limited to reports, computer programs, drawings, documentation and publications, which I prepare within the scope of my employment with the **COMPANY**, shall be works made for hire and that the worldwide copyrights therein shall be the sole and exclusive property of the **COMPANY**. In the event that any said copyrightable work or portion thereof shall not be legally qualified as a work made for hire, or shall subsequently be so held to not be a work made for hire, I agree to

CONFIDENTIAL shall consider necessary to apply for and obtain Letters Patent, trademark and/or copyright registrations in the United States, or any foreign country, or to protect otherwise the COMPANY's interests. These obligations shall continue beyond the termination of my employment with the COMPANY with respect to INVENTIONS, trademarks or copyrightable works conceived, authored or made by me during my period of employment, and shall be binding upon my executors, administrators, or other legal representatives.

4. I shall not disclose to the COMPANY or induce the COMPANY to use any secret, proprietary or confidential information or material belonging to others, including my former employers, if any. I am aware of no agreement, contract, non-compete covenant, non-disclosure/secrecy agreement or similar restriction that would in any way restrict, limit or prohibit my employment by the COMPANY that I have not disclosed and provided to the COMPANY.
5. I recognize that CONFIDENTIAL INFORMATION is of great value to the COMPANY, that the COMPANY has legitimate business interests in protecting its CONFIDENTIAL INFORMATION, and that the disclosure to anyone not authorized to receive such information, including a CONFLICTING ORGANIZATION, will cause immediate irreparable injury to the COMPANY. Unless I first secure the COMPANY's written consent, I will not disclose, use, disseminate, lecture upon or publish CONFIDENTIAL INFORMATION. I understand and agree that my obligations not to disclose, use, disseminate, lecture upon or publish CONFIDENTIAL INFORMATION shall continue after termination of my employment for any reason.
6. During my employment with the COMPANY and for a period of eighteen (18) months after termination of my employment with the COMPANY for any reason, I will not render services, directly or indirectly, to any CONFLICTING ORGANIZATION in the United States, or in any foreign country or territory in which the services I may provide could enhance the use or marketability of a CONFLICTING PRODUCT by application of CONFIDENTIAL INFORMATION which I shall have had access to during my employment, except that I may accept employment with a CONFLICTING ORGANIZATION whose business is diversified and which is, as to that part of its business in which I accept employment, not a CONFLICTING ORGANIZATION, provided that the COMPANY, prior to my accepting such employment, shall receive separate written assurances satisfactory to the COMPANY from such CONFLICTING ORGANIZATION and from me, that I will not render services directly or indirectly, for an 18-month period, in connection with any CONFLICTING PRODUCT. I also agree that during my employment with the COMPANY and for a period of 18 months thereafter, I will not render services to any other organization or person in a position in which I could use CONFIDENTIAL INFORMATION to the detriment of the COMPANY.
7. I recognize that the COMPANY's relations with its accounts, customers and clients represents an important business asset that results from the COMPANY's significant investment of its time and resources. I further recognize that by virtue of my employment by the COMPANY, I have gained or may gain relationships with the accounts, customers and clients of the COMPANY, and because of such relationships, I could cause the COMPANY great loss, damage, and immediate irreparable harm, if, during my employment by the COMPANY or subsequent to the termination of such employment for any reason, I should for myself or on behalf of any other person, entity, firm or corporation, sell, offer for sale, or solicit or assist in the sale of a product or service that could compete with a product or service being sold or developed by the COMPANY. I therefore agree that during my employment with the COMPANY and for eighteen (18) months after termination of such employment for any reason, I will not solicit any business from, sell to, or render any service to, or, directly or indirectly, help others to solicit business from or render service or sell to, any of the accounts, customers or clients with whom I have had contact during the last twelve (12) months of my employment with the COMPANY, for any purpose related to the sale of any such product or service. I also agree that for a period of twelve (12) months after termination of employment with the COMPANY for any reason, I will not solicit or hire on my own behalf, or on behalf of others, any COMPANY employee.
8. To enable the COMPANY to monitor my compliance with the obligations imposed by this Agreement, I agree to inform the COMPANY, at the time I give notice of my termination of employment, of the identity of my new employer and of my job title and responsibilities, and will continue to so inform the COMPANY, in writing, any time I change employment during the eighteen (18) months following termination of my employment with the COMPANY for any reason.
9. If I am unable to obtain employment consistent with my training and education solely because of a prohibition of paragraph 6 or 7 of this Agreement, or if I am able to obtain only a position in which my Gross Monthly Pay is less than what I last received from the COMPANY as Gross Monthly Pay, then any prohibition of those paragraphs that caused me to be unable to obtain such employment (or that is responsible for the above-referenced differential in pay), shall bind me only as long as the COMPANY shall make monthly payment to me equal to the lesser of (a) the amount last received from the COMPANY as Gross Monthly Pay, or (b) the difference between my last Gross Monthly Pay at the COMPANY and my Gross Monthly Pay in any subsequent employment. Gross Monthly Pay shall consist of the sum of the following applicable amounts, prorated to a monthly basis: my annual base pay; annual commissions; year-end cash bonus; and the monetary value of my year-end stock award (but not stock option grants, any other extra compensation or benefits). My Gross Monthly Pay at the COMPANY will be based on the amounts actually received by me during the last twelve calendar months I was employed by the COMPANY. My Gross Monthly Pay in any subsequent employment will be based on a projection of the amounts to be received by me during the first twelve months in that employment.
10. In order to qualify for the payments provided for in paragraph 9 above, I understand that I must, for each month that I claim payment is due, represent to the Vice President of Human Resources of the COMPANY, in writing within fifteen (15) days following the end of that calendar month, that although I diligently sought employment consistent with my training and education, I was unable to

11. I further understand that if, at any time within the period of prohibition specified in paragraph 6 or 7, the COMPANY gives me a written release from the prohibition of paragraph 6 or 7 that has been the sole cause of my inability to obtain employment consistent with my training and education or my inability to obtain a position in which my Gross Monthly Pay equals what I last received from the COMPANY as Gross Monthly Pay, as the case may be, then, the COMPANY will no longer be obligated to make the payments that had been required due to those prohibitions.
12. Upon termination of my employment with the COMPANY for any reason, I shall turn over to a designated individual employed by the COMPANY, all property then in my possession or custody and belonging to the COMPANY, including any computer equipment. I shall not retain any copies of correspondence, memoranda, reports, notebooks, drawings, photographs, or other documents in any form whatsoever (including information contained in computer memory or on any computer disk) relating in any way to the affairs of the COMPANY and which were entrusted to me or obtained by me at any time during my employment with the COMPANY.
13. I understand and acknowledge that if I violate this Agreement or am about to violate this Agreement by disclosing or using information prohibited by paragraph 5 above, accepting employment or providing services prohibited by paragraph 6 or 7 above, or failing to turn over property as required by paragraph 12 above, the COMPANY shall have the right, and be entitled to, in addition to any other remedies it may have, injunctive relief; in other words, I understand and acknowledge that the COMPANY can bar me from disclosing or using such information, bar me from accepting such employment or rendering such services for the periods specified in paragraphs 6 and 7 above, and require that I turn over such property.
14. I hereby consent and agree to assignment by the COMPANY of this Agreement and all rights and obligations hereunder including, but not limited to, an assignment in connection with any merger, sale, transfer or acquisition by the COMPANY or relating to all or part of its assets, divisions and/or affiliates.
15. Nothing herein shall limit or reduce my common law duties to the COMPANY, including but not limited to my duty of loyalty.
16. This Agreement shall be interpreted according to the laws of the State of New Jersey without regard to the conflict of law rules thereof. I agree that any action relating to or arising out of this Agreement may be brought in the courts of the State of New Jersey or, if subject matter jurisdiction exists, in the United States District Court for the District of New Jersey. I consent to personal jurisdiction and venue in both such courts and to service of process by United States Mail or express courier service in any such action.
17. In the event that any provision of this Agreement is invalidated or unenforceable under applicable law, that shall not affect the validity or enforceability of the remaining provisions. To the extent that any provision of this Agreement is unenforceable because it is overbroad, that provision shall be limited to the extent required by applicable law and enforced as so limited.
18. The following applies only to a California, Minnesota or North Carolina employee: Notification is hereby given that paragraph 1 does not apply to an invention to the extent that no equipment, supplies, facility, or trade secret information of the COMPANY was used and which was developed entirely by me on my own time, and (a) which does not relate (i) to the business of the COMPANY or (ii) to the COMPANY's actual or demonstrably anticipated research or development, or (b) which does not result from any work performed by me for the COMPANY.
19. The following applies only to a State of Washington employee: Notification is hereby given that paragraph 1 does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the COMPANY was used and which was developed entirely on my own time, unless (a) the invention relates (i) directly to the business of the COMPANY or (ii) to the COMPANY's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me for the COMPANY.
20. Nothing contained in this Agreement shall be deemed to confer on me any rights with respect to the duration of my employment with the COMPANY. I UNDERSTAND AND AGREE THAT MY EMPLOYMENT RELATIONSHIP WITH THE COMPANY IS TERMINABLE AT WILL BY EITHER THE COMPANY OR ME, WITH OR WITHOUT CAUSE, EXCEPT THAT IF I INITIATE THE TERMINATION, THERE SHALL BE, AT THE COMPANY'S OPTION, A PERIOD OF UP TO FOURTEEN (14) DAYS AFTER I GIVE WRITTEN NOTICE OF TERMINATION BEFORE THE TERMINATION BECOMES EFFECTIVE. If the COMPANY elects to continue my employment during the notice period, it shall advise me of that fact, and of the duration of the notice period. During any notice period, I will provide such transitional services as the COMPANY may request. The COMPANY will be obligated to continue my pay during the notice period, and my duty of loyalty to the COMPANY shall continue through such period.

I ACKNOWLEDGE HAVING READ, EXECUTED AND RECEIVED A COPY OF THIS AGREEMENT, and agree that with respect to the subject matter hereof it is my entire agreement with the COMPANY, superseding any previous oral or written communications, representations, understandings, or agreements with the COMPANY or any of its officials or representatives.

DATE: 7/26/02

Johnson & Johnson
EMPLOYEE
Kevin M. Mewborn
Name
614 Barksdale Rd.
Address
Wilmington, NC 28407

EXHIBIT 6

1 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
2 IN AND FOR THE COUNTY OF SANTA CLARA
3 BEFORE THE HONORABLE KEVIN J. MURPHY, JUDGE
4 DEPARTMENT NO. 22

5 ---000---

6
7 INTUITIVE SURGICAL, INC., A)
8 DELAWARE CORPORATION: CHUN KIN)
9 CHEUNG, AN INDIVIDUAL: SHONEY)
10 QUALLS, AN INDIVIDUAL: AND MARCUS)
11 BLAND, AN INDIVIDUAL,)
12 PLAINTIFFS,)

13 -VS-) NO. 110-CV-168169
14 ETHICON ENDO-SURGERY, INC., AN)
15 OHIO CORPORATION AND DOES 1-10)
16 INCLUSIVE,)
17 DEFENDANTS.)

18
19
20
21 REPORTER'S TRANSCRIPT OF PROCEEDINGS

22 HELD ON APRIL 22, 2010

23
24
25
26 APPEARANCES:

27 FOR THE PLAINTIFF: DOUG COLT, ESQ.,
28 THOMAS WALLERSTEIN, ESQ.,
ATTORNEY AT LAW

FOR THE DEFENDANT: REBECCA KIMURA, ESQ.,
GARY LAFAYETTE, ESQ.,
ATTORNEY AT LAW

COURT REPORTER: ANTOINETTE LEVEQUE,
C.S.R. NO. 9451

1
2 SAN JOSE, CALIFORNIA

APRIL 22, 2010

3
4 PROCEEDINGS:

5
6 (WHEREUPON, COURT CONVENED AND THE FOLLOWING
7 PROCEEDINGS WERE HAD:)

8 THE COURT: RETURNING TO ITEM 18 FROM THE LAW
9 AND MOTION CALENDAR. INTUITIVE SURGICAL INCORPORATED
10 VERSUS EES.

11 GOOD MORNING. I AM GOING TO ASK YOU ONCE --
12 WELL, NOW THAT YOU ARE STANDING BEFORE ME IF YOU WILL
13 STATE YOUR APPEARANCES FOR THE RECORD, PLEASE.

14 MR. COLT: GOOD MORNING, YOUR HONOR. DOUG
15 COLT AND TOM WALLERSTEIN FOR PLAINTIFF.

16 MS. KIMURA: GOOD MORNING. REBECCA KIMURA AND
17 GARY LAFAYETTE ON BEHALF OF DEFENDANTS. ETHICON
18 ENDO-SURGICAL, INC.

19 THE COURT: GOOD MORNING.

20 ONCE AGAIN, THANK YOU FOR COURTESY ON BEHALF
21 OF THE OTHER LAWYERS. BEFORE I GIVE YOU THE OPPORTUNITY
22 TO MAKE WHATEVER COMMENTS YOU DESIRE, I HAVE HAD THE
23 OPPORTUNITY TO REVIEW EVERYTHING THAT HAS BEEN FILED, SO
24 AS PROMISED I DROVE INTO THE COURT AND WAS ABLE TO
25 OBTAIN AND REVIEW THE PAPERS YOU HAVE FILED. THIS IS A
26 REQUEST FOR PRELIMINARY INJUNCTION AS YOU ARE BOTH
27 AWARE. I AM GOING TO ASK YOU NOT SIMPLY TO REPEAT WHAT
28 I AM FAMILIAR WITH ALREADY. AS YOU CAN SEE, PERHAPS I

1 CITING TO THE PAST HISTORY DATA INVOLVING OTHER
2 EMPLOYEES IN SUPPORT --

3 MR. COLT: I AM CITING TO THAT, YOUR HONOR, AS
4 WELL AS OUR REQUEST FOR JUDICIAL NOTICE WHICH
5 DEMONSTRATES ETHICON'S PROPENSITY TO SUE ITS FORMER
6 EMPLOYEES FOR MISAPPROPRIATION. I WOULD ALSO CALL THE
7 COURT'S ATTENTION TO THE AGREEMENT ITSELF WHICH IS
8 INCLUDED AS AN EXHIBIT TO MR. QUALLS, MR. BLAND AND MR.
9 CHEUNG AS WELL AS THE REQUEST FOR JUDICIAL NOTICE ON ITS
10 FACE, YOUR HONOR. THE COURT MAY SEE THAT IT APPLIES NOT
11 ONLY TO ETHICON BUT ALSO TO JOHNSON AND JOHNSON THE
12 PARENT CORPORATIONS.

13 THE COURT: COUNSEL, WITH MY PROMISE THAT I
14 WILL GIVE YOU A CHANCE TO SAY SOMETHING ELSE, I WOULD
15 LIKE TO INTERRUPT AT THIS POINT I HAVE A FEW QUESTIONS
16 FOR OPPOSING COUNSEL.

17 MR. COLT: VERY GOOD. THANK YOU.

18 THE COURT: WHO WILL BE RESPONDING TO THE
19 QUESTIONS?

20 MS. KIMURA: I WILL, YOUR HONOR.

21 THE COURT: COUNSEL, YOU ARGUED THAT THE
22 NON-COMPETITION AGREEMENT IS NARROW.

23 MS. KIMURA: YES, IT IS. IT'S RESTRICTED TO
24 COMPANIES THAT COMPETE WITH THE SAME PRODUCTS FOR AN
25 18-MONTH PERIOD.

26 THE COURT: WELL, ACTUALLY IT'S RESTRICTED, TO
27 USE THE LANGUAGE, "TO CONFLICTING ORGANIZATIONS"
28 WHATEVER THAT MEANS.

1 MS. KIMURA: YES.

2 THE COURT: AND IT APPLIES TO THE UNITED
3 STATES, TERRITORIES OF THE UNITED STATES, FOREIGN
4 COUNTRIES, AND I AM SURPRISED IT DOESN'T APPLY TO THE
5 SPACE STATION. I MEAN THAT'S INCREDIBLY BROAD. HOW CAN
6 YOU POSSIBLY ARGUE THAT NON-COMPETITION AGREEMENT IS
7 NARROW. IT'S CERTAINLY NOT GEOGRAPHICALLY NARROW.

8 MS. KIMURA: FIRST OF ALL, IT'S ONLY IMPOSED
9 FOR AN 18-MONTH PERIOD AND FOR CERTAIN COMPANIES WITH
10 CERTAIN PRODUCTS. WE HAVE NOT PROCEEDED AGAINST
11 EVERYONE WHO HAS GONE TO A COMPETING COMPANY ONLY IF
12 THERE IS A THREAT TO MISAPPROPRIATION OF TRADE SECRETS
13 OR CONFIDENTIAL INFORMATION. AND THE IMPOSITION OF AN
14 18-MONTH NON-COMPETITION IS ENFORCEABLE IN NEW JERSEY
15 WHICH IS WHERE THE CONTRACT IS DRAFTED.

16 THE COURT: SPEAKING OF NEW JERSEY LAW AND, OF
17 COURSE, YOU HAVE CITED NEW JERSEY LAW AS THE LAW THAT
18 SHOULD BE CONTROLLING IN YOUR SO-CALLED REASONABLENESS
19 TEST. UNDER NEW JERSEY LAW THERE IS A PROVISION THAT
20 THE NON-COMPETITION AGREEMENT CANNOT BE UNREASONABLY
21 RESTRICTIVE IN POINT OF TIME OR TERRITORY. ARGUABLY
22 DOESN'T -- EVEN IF YOU'RE CORRECT DOESN'T THIS
23 NON-COMPETITION AGREEMENT VIOLATE NEW JERSEY LAW?

24 MS. KIMURA: YOUR HONOR, AS COUNSEL FOR
25 PLAINTIFF SAID JOHNSON AND JOHNSON IS A HUGE OPERATION
26 WE HAVE OFFICES ALL OVER THE WORLD WHICH IS WHY IT IS
27 DRAFTED THAT WAY.

28 THE COURT: ALL RIGHT. BUT WOULD YOU AGREE

1 WITH ME THAT UNDER NEW JERSEY LAW IT CAN'T BE
2 UNREASONABLE IN POINT OF TIME AND TERRITORY?

3 MS. KIMURA: WE DON'T BELIEVE IT IS.

4 THE COURT: ALL RIGHT. IT COVERS THE ENTIRE
5 WORLD.

6 MS. KIMURA: BUT WE ARE NOT ENFORCING MR.
7 CHEUNG FROM -- WE ARE NARROWLY ENFORCING THAT PROVISION.

8 THE COURT: I GUESS YOU COULD SAY IT'S
9 NARROWLY ENFORCED BUT IN TERMS OF HOW IT'S DRAFTED IT'S
10 EXTREMELY BROAD.

11 COUNSEL, WOULD YOU LIKE TO JUMP IN HERE?

12 MR. LAFAYETTE: CAN I, YOUR HONOR.

13 THE COURT: AND COULD YOU REIDENTIFY YOURSELF
14 FOR THE BENEFIT OF MY REPORTER?

15 MR. LAFAYETTE: YES, YOUR HONOR. MY NAME IS
16 GARY LAFAYETTE. I THINK WHAT WE ARE LOOKING AT IS A
17 CONTRACT THAT'S DESIGNED TO ADDRESS DIFFERENT
18 INDIVIDUALITIES THAT COULD ACTUALLY TAKE PLACE IN THE
19 WORLD. IN TODAY'S WORLD AN INDIVIDUAL CAN SELL A
20 PRODUCT IN ONE MARKET BUT THAT DOESN'T MEAN THAT ONLY IF
21 THEY ARE WORKING IN THE STATE OF TEXAS THAT THEY DON'T
22 PROCESS INFORMATION THAT MIGHT SOMEHOW COMPROMISE THAT
23 EMPLOYER'S RIGHTS AND ABILITIES TO CONTROL THEIR
24 CONFIDENTIAL INFORMATION IN OTHER PARTS OF THE WORLD.
25 IF WE TAKE THAT CONTRACT AND WE START TAKING THAT
26 CONTRACT AND START PIECEMEALING IT OUT TO SAY THAT THIS
27 PERSON CAN ONLY DO THIS WITHIN A PARTICULAR GEOGRAPHIC
28 AREA THAT MEANS THAT INDIVIDUAL WOULD BE ABLE TO TAKE

1 THAT ACTION IN THAT OTHER STATE HAS NOW BEEN ENJOINED
2 AND IT'S BEEN ENJOINED BY WAY OF AN ACTION HERE AND THAT
3 ACTION IS ALREADY PROCEEDING ALONG A PATH. WE CAN SAY
4 WE ARE NOT, BUT WE ARE. BECAUSE THERE IS A HEARING
5 THAT'S SCHEDULED IN THAT CASE. AND THIS COURT'S ORDER
6 WILL PREVENT MY CLIENT FROM ATTENDING THAT HEARING.

7 THE COURT: YOUR CLIENT HAS THE OPTION OF
8 VIOLATING THE COURT ORDER, RISKING CONTEMPT, OF COURSE.

9 MR. LAFAYETTE: THAT'S EXACTLY WHAT WOULD
10 HAPPEN. THEN IT WOULD BE IN CONTEMPT OF COURT IN THAT
11 STATE FOR NOT SHOWING UP. WE CAN DRESS THIS UP HOWEVER
12 WE WANT THE NET RESULT IS AN INJUNCTION THAT ADVERSELY
13 AFFECTS A PROCEEDING THAT'S ALREADY TAKING PLACE IN
14 OTHER STATE.

15 THE COURT: LET ME, IF I CAN, ASK ANOTHER
16 QUESTION ON OTHER SUBJECT. AND THAT FOCUSES ON THE
17 IRREPARABLE HARM ISSUE WHICH I RAISED WITH OPPOSING
18 COUNSEL, WHO, IN CASE HE IS WORRIED, IS STILL GOING TO
19 HAVE THE OPPORTUNITY TO SAY WHAT HE WANTS.

20 AS I UNDERSTAND THE ARGUMENT IN OPPOSITION,
21 WHICH I BELIEVE ISN'T YOUR STRONGEST ARGUMENT, THERE IS
22 NO EVIDENCE OF IRREPARABLE HARM BECAUSE THERE IS AN
23 ADEQUATE REMEDY OF LAW.

24 MR. LAFAYETTE: HE HAS AN ADEQUATE REMEDY OF
25 LAW. TO START OUT WITH, JOHNSON AND JOHNSON IS GOING TO
26 PAY HIM DURING THIS TIME PERIOD THAT'S -- IF HE THINKS
27 AT SOME POINT IN THE FUTURE HE HAS BEEN HARMED HE CAN
28 SUE US FOR DAMAGES. YOU KNOW, THE LAWYERS AROUND THIS

1 TABLE ARE ALL EMPLOYMENT LAWYERS, THE ONE THING THAT WE
2 KNOW IS THAT EVERY DAY WE GET LAWSUITS WHERE PEOPLE SAY
3 THAT THEY HAVE BEEN HARMED AND THEY SUE FOR BACK PAY AND
4 FRONT PAY. THEY DO IT ALL THE TIME. HE HAS AN ADEQUATE
5 REMEDY OF LAW. THERE IS A CADASTRE OF EXPERTS OUT
6 THERE, THEY CALL THEMSELVES ECONOMISTS, THEY CALL
7 THEMSELVES VOC. REHAB SPECIALIST. THEY CAN ALL COME IN
8 THIS COURT AND OPINE AS TO WHETHER OR NOT THERE HAS BEEN
9 SOME FORM OF ECONOMIC LOSS OR SOME FORM OF ECONOMIC
10 INJURY TO HIM IN A SENSE OF GOING FORWARD. AND THAT
11 WOULD BE ON TOP OF WHAT JOHNSON AND JOHNSON WOULD HAVE
12 ALREADY PAID HIM. THERE IS AN ADEQUATE REMEDY OF LAW AS
13 IT RELATES TO MR. CHEUNG. AND THAT'S GOING PAST ALL
14 THESE OTHER ISSUES ABOUT WHETHER OR NOT HE IS IN THIS
15 STATE, WHETHER OR NOT THIS COURT HAS JURISDICTION OVER
16 HIM. ALL OF THOSE ISSUES, PUT THOSE ASIDE JUST ON THE
17 IRREPARABLE HARM ISSUE, HE HAS AN ADEQUATE REMEDY OF LAW
18 AND HE CAN SUE US FOR DAMAGES AND HE CAN SUE US HERE, HE
19 CAN SUE US ANYPLACE ELSE THAT HE WANTS TO SUE. AND HE
20 COULD RECOVER THOSE DAMAGES IF HE WANTS TO AND NO ONE IS
21 IN THIS COURT TELLING YOU OTHERWISE IF THERE ISN'T A WAY
22 TO MEASURE THAT.

23 THE COURT: THANK YOU. COUNSEL, LET ME RETURN
24 TO YOU AND I AM SIMPLY GOING TO GIVE YOU THE OPPORTUNITY
25 TO SAY WHAT YOU WANT.

26 MR. COLT: THANK YOU.

27 THE COURT: UNDERSTANDING THAT I HAVE READ
28 EVERYTHING.