CASE 12.2 Kallok v. Medtronic, Inc.

Supreme Court of Minnesota, 1998.
573 N.W.2d 356.
http://www.courts.state.mn.us/library/archive/sctjl.html[a]

COMPANY PROFILE *Medtronic, Inc. (http://www.medtronic.com), is the world's leading manufacturer of implantable biomedical devices. The company was started in 1949 by Earl Bakken, who was then a graduate student at the University of Minnesota, and Palmer Hermundslie, who worked in a lumberyard. The company's initial focus was the repair of hospital laboratory equipment. Today, Medtronic's most important products relate to cardiovascular and neurological health. Medtronic makes the most often prescribed heart pacemakers, as well as heart valves, implantable neurostimulation and drug-delivery systems, catheters used in angioplasties, and other products. Medtronic sells these products in more than 120 countries.*

BACKGROUND AND FACTS *Michael Kallok signed a series of noncompete agreements when he worked for Medtronic, Inc., a medical device manufacturer. The agreements restricted his ability to work for Medtronic's competitors, including Angeion Corporation. When Kallok later approached Angeion for a job, he told it about the agreements. Angeion consulted with its attorneys, who advised that Kallok would not breach the agreements by accepting a job with Angeion. Angeion did not tell the attorneys all of the details of the agreements, however. After Kallok resigned from Medtronic to work for Angeion, he and Angeion filed a suit in a Minnesota state court against Medtronic, asserting that the noncompete agreements were unenforceable. Medtronic counterclaimed, alleging wrongful interference by Angeion. Angeion argued that its hiring of Kallok was justified because it consulted attorneys first. The court held Angeion liable and, among other things, awarded Medtronic damages. The plaintiffs appealed. The state intermediate appellate court took away the award. Medtronic appealed to the Minnesota Supreme Court.*

IN THE LANGUAGE OF THE COURT

ANDERSON, Justice.

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Medtronic easily established the * * * elements [of a cause of action for tortious interference with a contractual relationship]. First, as Kallok signed valid noncompete agreements, it is evident that a contract existed between him and Medtronic. Second, Angeion knew of the existence of Kallok's noncompete agreements before it hired him. * * * Third * * * Angeion * * * procured the breach of his noncompete agreements by offering him the * * * position that he eventually accepted.

* * * Angeion, however, asserts that * * * its actions were justified because it consulted with its outside legal counsel before hiring Kallok * * * . We conclude that Angeion's argument lacks merit.

* * * Angeion did not fully inform its outside counsel about Kallok's background at Medtronic or the intricacies of his noncompete agreements. Had Angeion candidly provided its attorneys with all relevant information * * * Angeion would have understood that hiring Kallok would cause him to breach his noncompete agreements with Medtronic. * * *

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* * * As a result, Medtronic was forced into court to protect the legitimate interest embodied in Kallok's noncompete agreements. * * * We hold that the [trial] court * * * correctly allowed Medtronic to recover from Angeion the * * * expenses it incurred in enforcing its noncompete agreements with Kallok.

DECISION AND REMEDY *The Minnesota Supreme Court reversed the decision of the lower court. The state supreme court reinstated Medtronic's award of damages for Angeion's interference with the noncompete agreements between Medtronic and Kallok.*

CASE 12.3 Martin v. Wal-Mart Stores, Inc.

United States Court of Appeals, Eighth Circuit, 1999. 183 F.3d 770.

BACKGROUND AND FACTS *Harold Martin was shopping in the sporting goods department of a Wal-Mart store. There was one employee in the department at that time. In front of the sporting goods section, in the store's main aisle (which the employees referred to as "action alley"), there was a large display of stacked cases of shotgun shells. On top of the cases were individual boxes of shells. Shortly after the sporting goods employee walked past the display, Martin did so, but Martin slipped on some loose shotgun shell pellets and fell to the floor. He immediately lost feeling in, and control of, his legs. Sensation and control returned, but during the next week, he lost the use of his legs several times for periods of ten to fifteen minutes. Eventually, sensation and control did not return to the front half of his left foot. Doctors diagnosed the condition as permanent. Martin filed a suit against Wal-Mart in a federal district court, seeking damages for his injury. The jury found in his favor, and the court denied Wal-Mart's motion for a directed verdict. Wal-Mart appealed to the U.S. Court of Appeals for the Eighth Circuit.*

IN THE LANGUAGE OF THE COURT

BEAM, Circuit J. [Judge]

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* * * [T]he traditional rule * * * required a plaintiff in a slip and fall case to establish that the defendant store had either actual or constructive notice of the dangerous condition. The defendant store [was] deemed to have actual notice if it [was] shown that an employee created or was aware of the hazard. Constructive notice could be established by showing that the dangerous condition had existed for a sufficient length of time that the defendant should reasonably have known about it.

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* * * [R]etail store operations have evolved since the traditional liability rules were established. In modern self-service stores, customers are invited to traverse the same aisles used by the clerks to replenish stock, they are invited to retrieve merchandise from displays for inspection, and to place it back in the display if the item is not selected for purchase. Further, a customer is enticed to look at the displays, thus reducing the chance that the customer will be watchful of hazards on the floor. * * * [C]ustomers may take merchandise into their hands and may then lay articles that no longer interest them down in the aisle. * * * The risk of items creating dangerous conditions on the floor, previously created by employees, is now created by other customers as a result of the store's decision to employ the self-service mode of operation. * * * Thus, in slip and fall cases in self-service stores, the inquiry of whether the danger existed long enough that the store should have reasonably known of it (constructive notice) is made in light of the fact that the store has notice that certain dangers arising through customer involvement are likely to occur, and the store has a duty to anticipate them.

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Wal-Mart * * * claims that Martin * * * failed to establish that Wal-Mart had actual or constructive notice of the pellets in the action aisle. We disagree. We find there is substantial evidence of constructive notice in the record. Martin slipped on shotgun shell pellets on the floor which were next to a large display of shotgun shells immediately abutting the sporting goods department. The chance that merchandise will wind up on the floor (or merchandise will be spilled on the floor) in the department in which that merchandise is sold or displayed is exactly the type of foreseeable risk [that is part of the self-service exception to the traditional rule]. Under [this exception], Wal-Mart has notice that merchandise is likely to find its way to the floor and create a dangerous condition, and *it must exercise due care to discover this hazard and warn customers or protect them from the danger.* * * * Even assuming that the hazard was created by a customer, a jury could easily find, given that it had notice that merchandise is often mishandled or mislaid by customers in a manner that can create dangerous conditions, that, had Wal-Mart exercised due care under the circumstances, it would have discovered the shotgun pellets on the floor. [Emphasis added.]

DECISION AND REMEDY *The U.S. Court of Appeals for the Eighth Circuit affirmed the judgment of the lower court. There was sufficient evidence for a jury to find that Wal-Mart had constructive notice of the pellets on the floor in the main aisle.*