



Winston Wins Rare Denial of Class Certification for Medtronic in a Securities Fraud Case

JULY 14, 2021

Winston defended medical device manufacturer **Medtronic and its officers and directors** in a putative shareholder class action challenging the company's US\$50B acquisition of a competitor, securing an exceedingly rare denial of class certification, which forced plaintiffs to settle the case on an individual basis.

The class action arose from Medtronic's acquisition of competitor Covidien PLC, an Irish entity, through an inversion. The deal was the largest transaction in the history of medical technology. The plaintiffs alleged that structuring the transaction as an inversion caused them to incur significant capital gains taxes and diluted their corporate ownership. The plaintiffs also challenged the decision of Medtronic's Board to reimburse certain officers and directors for the excise taxes they would incur due to the transaction.

We were able to convince the trial court to deny class certification—a major win. Plaintiffs sought appellate review, but we convinced the Minnesota Court of Appeals and Minnesota Supreme Court to deny review. These rulings left plaintiffs with little choice but to settle the matter on an individual basis. The claims of the individual plaintiffs settled on favorable terms in 2021.

IMPACT

Given that denials of class certification in securities fraud litigations are very rare, this was a major win for Medtronic. In addition, since the denial of class certification put plaintiffs in a position where they were forced to settle the case on an individual basis, the win insulated Medtronic from continuing costly litigation fees and having to settle on a class-wide basis.

(*Merenstein v. Medtronic* (Case No. 27-CV-14-11452, State of Minnesota, County of Hennepin District Court, Fourth Judicial District))

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