

## INVESTING

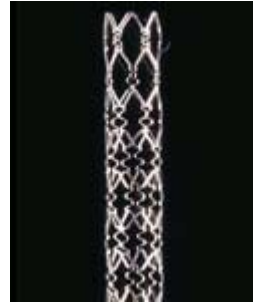
### Blood Feud

A little piece of metal—called a stent—is worth \$4.5 billion this year, generates more profits than a blockbuster drug, and has sparked one of the weirdest corporate battles ever. It could also save your life.

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By Shawn Tully



(Photo: Brad Guice)

It's unlikely that anyone could trace the animosity back to a single event—a gauntlet thrown, perhaps, or a backwoods crossing of swords. But to hear one side tell it, you might start in late 1995, at a private dinner in a plush Victorian meeting room on the third floor of Boston's historic Locke-Ober restaurant. That was the evening that Ralph Larsen, CEO of Johnson & Johnson, allegedly tried to get Pete Nicholas, co-founder of Boston Scientific, to sell out. It may well be the night that one of corporate America's bitterest and most bizarre rivalries began.

On one side of the table sat Larsen, an archetypal big-company man who had steered the hallowed 120-year-old J&J into higher-margin but higher-risk endeavors. On the other was Nicholas, a bluff entrepreneur who had transformed Boston Scientific from a mere business plan into a medical-device power with a multibillion-dollar market cap in little over a decade. According to Nicholas, Larsen waited until the end of dinner and then pushed Nicholas to come up with a price to sell his company, a notion both sides had flirted with for years. "Ralph told me, 'I really want to get this done,'" recalls Nicholas.

Larsen's motivation was obvious. Boston Scientific dominated the market in surgical tools for "interventional cardiology"—procedures such as angioplasty, in which plaque-filled arteries are stretched with tiny balloons. It was a branch of health care in which blockbuster growth was virtually guaranteed by an aging

generation of baby-boomers and a rush of sci-fi-like devices that made once death-defying heart surgeries almost routine. The vastly larger J&J had only a single big cardiology product in its portfolio—a cylinder of flexible wire mesh that looked like a spring for a ballpoint pen, or a Slinky made for a grasshopper. Known as a stent, this metal device was designed to expand when placed in a clogged artery, propping open the vessel so that blood could get through unimpeded. Larsen had secured the product and a very broad patent from a group of inventors a decade before, and once it hit the market, it jumped almost overnight into hundreds of millions of dollars in sales. Now he was craving a full-fledged heart business to go around it. That was how mighty J&J was going to grow.

Nicholas's asking price seemed staggering: Far above Boston's then \$7 billion market cap, which was already 45 times earnings. So, according to the Boston Scientific chairman, Larsen declared that if Nicholas wouldn't lower his price, J&J would find another route into cardiology. "Larsen said, 'Take a day to think it over, and if you don't accept, we'll buy Cordis,'" Nicholas recalls.

J&J did just that. Within weeks the Band-Aid company launched a hostile bid for Cordis, a cardiac-equipment manufacturer that competed in each of Boston Scientific's markets. To hear the 63-year-old Nicholas tell it, that was when the cord of civility snapped. "When we became competitors, things went south," he says. "The competition just wasn't wholesome. Everyone went to general quarters, to full battle dress. J&J tried to bring us down." The normally rough-and-tumble sales rivalry in the medical-device industry, he says, became "a little more personal and appeared to be more vendetta-driven." Nicholas adds, "I remember Larsen telling me, 'Pete, my people just don't like you.'"

Larsen, 65, acknowledges through a spokesman that the meeting was held, but says he "can't imagine" making such a comment and that the conversation "never got to the point where an offer was made." Still, it's hard to find anyone in the industry who thinks the competition between the two companies is, well, wholesome.

Just ask the doctors who deal with both companies' sales reps. One side will slam the other company's product as "toxic," says Spencer King, a cardiologist at Atlanta's Piedmont Hospital. Says Dr. Steven Almany of William Beaumont Hospital near Detroit: "You hear badmouthing. I don't want to call it a dirty business, but it's very aggressive." Complains Mario Colombo, a cardiologist in Milan and a pioneer in stent research: "This war is unbelievable, childish, and mean."

The feud has gone well beyond trash talk into a string of lawsuits and countersuits that whiz around like flying plates, and related imbroglios with other companies. Allegations have been made about everything from stolen patents and secret offshore factories to shoddy manufacturing processes and massive fraud. The Justice Department is investigating Boston Scientific. Doctors are choosing sides. And while no one is quite sure when the war began or who said what to whom, there is little doubt about the prize at stake: an intricately carved piece of metal, ranging in length from eight to 33 millimeters and weighing somewhere on the order of 27-thousandths of a gram. By all accounts, this humble device, known as the stent, has saved tens of thousands of lives and will save countless more in coming decades. Next year alone, it will be worth an estimated \$6.6 billion.

On a Thursday morning in April, Dr. Marty Leon, a famed cardiologist at Lenox Hill Hospital in New York City, is implanting two Cypher stents made by J&J's Cordis division into a severely clogged artery of a 47-year-old diabetic. Leon has fed a tube the diameter of a cocktail straw, called a guide catheter, into the femoral artery in the patient's groin and run it all the way to the opening of the left main coronary artery, the gateway to the heart.

Leon now pushes a wire the diameter of a human hair—called a guidewire—through the guide catheter and into the heart. He feeds the wire with his right hand and, with his left, adjusts a plastic dial that turns the tip of the wire. That dial enables Leon to steer the wire around sharp curves and navigate gnarled, narrow vessels. "The hand on the wire is the accelerator, and the hand on the knob is the steering wheel," he says. He deftly snakes it through one of the worst clogged areas, or lesions, then brings it to a stop.

Next Leon picks up a long, thin tube called a balloon catheter. Hugging its tip is a miniature balloon. The stent, in turn, fits snugly over the balloon. (J&J and Boston Scientific each sell the stent and "delivery system," the balloon and catheter, as a single product.) Leon places the balloon catheter over the guidewire and smoothly feeds it until the tip carrying the balloon and stent arrives at the lesion. When he's maneuvered the stent into position, he hits a plunger that pumps not air but a saline solution, at incredibly high pressure, into the balloon—the force would burst the strongest truck tire. But the blood vessel wall, though traumatized by the impact, does not burst. The balloon expands the stent, tripling its diameter to around 3.5 millimeters and opening spaces between the struts so that the latticework becomes far airier, resembling the open structure of a jungle

gym. Remarkably, the stent maintains a perfect, circular cross-section when it opens, and displays amazing strength. "The challenge with a stent is to make it flexible enough from head to tail to snake into the narrow vessels, but also incredibly strong, to hold the vessels open," says Bob Burgermeister, a stent design engineer at J&J.

Whereas before, the patient might have needed bypass surgery, he's now likely to go home from the hospital in a day, says Leon. But here's the tricky part of the story: It's not the metal scaffolding alone that will keep the patient healthy, but rather the stent in combination with its drug coating, which keeps scar tissue from forming around it.

That is no minor point. And the question of whether a bare-metal stent and a coated one are the same animal or different species—semantic though it might seem—lies at the, ahem, very heart of the feud. (More on that later.) Many patients, particularly diabetics, show aggressive scar-tissue growth with bare-metal stents, which soon reclogs the artery. However, the new breed of stent is coated with a polymer that slowly releases a drug to prevent what's called restenosis (blockage by scar tissue). The stents are so effective that cardiac surgeons are changing the way they practice. Doctors can now install far longer stents (often the shorter ones barely covered the lesions), and even use two or three stents, end to end, to treat extremely squished or gnarled patches of artery. "We couldn't have done a procedure like we did with this diabetic with bare-metal stents," Leon says. In the past, cardiologists sent most of those patients straight to bypass surgery. Now, says Dr. Michael Mooney of the Minneapolis Heart Institute, "some patients are getting five or six stents."

That's great for patients—and for the two major companies that make the coated devices, \$42-billion-a-year J&J and \$3.5-billion-a-year Boston Scientific. Today Lenox Hill is installing an average of 2.1 stents per patient, vs. 1.7 in the bare-metal era. What's more, each drug-coated stent costs roughly \$2,600, three times the price of the bare-metal kind. And the profitability is downright voluptuous. Michael Weinstein, an analyst at J.P. Morgan in New York, predicts that Boston Scientific will earn \$800 million after-tax on the stents, an incredible 45% net margin. Of that \$800 million, \$700 million is totally new profits, over and above its earnings on bare-metal stents in 2003. As for J&J, Weinstein expects the profits from its Cypher stents will reach \$500 million.

Overall, sales of drug-coated stents will reach \$4.5 billion this year, Merrill Lynch projects. That's twice the sales of bare-metal stents in 2002, when half-a-dozen companies shared the spoils.

Most analysts expect stent sales to top \$7 billion by 2006. Boston Scientific's latest stent, called Taxus, is generating the kind of wealth for shareholders that is usually reserved for blockbuster drugs. Since the success of its first big clinical trials in Europe, announced in late 2002, Boston's shares have more than doubled, from \$15 to \$40, adding over \$20 billion to its market value. Co-founder Nicholas now boasts a net worth of \$4 billion. Obviously, the boost to J&J is less pronounced because it's so much bigger; in 2003, J&J stock was virtually flat.

All this explains why J&J's stent division today has major heartburn. As of April 30—just seven weeks after the launch of its drug-coated stent—Boston Scientific says it has captured a stunning 70% of the market for the devices, a market that until this point has been J&J's exclusive preserve. J&J contests that claim, but only a little. "We believe their numbers are slightly high," says Cordis chairman Robert Croce. "We're above 30% for sure. They're leading, but this is a trial period."

If you're wondering how that extraordinary shift could possibly have happened, or how Boston Scientific could even get hold of a stent if bitter rival J&J owned the patent, read on. The tale is strange and twisted. And like every good bedtime story, it starts with a maverick inventor, an Argentine radiologist, a Texas restaurateur, and an Israeli air force ace.

In 1985, cardiologist Richard Schatz was practicing at an Army hospital in San Antonio when he met a doctor from Argentina with a crazy-sounding idea. Dr. Julio Palmaz told Schatz that he was using tiny metal tubes to prop open blood vessels in rabbits, and he wanted to try them in the human heart. Palmaz had tried to raise money by showing companies and universities mockups made of wire from Radio Shack.

Then, at a dinner party at the tony Dominion Country Club, Schatz found his moneymen, a flamboyant restaurateur named Phil Romano. A San Antonio celebrity, the 6-foot-2 Romano, who sported diamond rings and tooted around town in a Lamborghini, had been a high school gridiron teammate of actor Burt Reynolds in Florida. "He was the Texas answer to Broadway Joe," says Schatz. Romano was also a shrewd businessman who'd just sold his Fuddrucker's hamburger chain for millions. "My accountant said, 'Don't do it,' my lawyer said, 'Don't do it,' and I did it!" says Romano. "I was in the burger business giving people the same disease I came right back around to help cure with the stents!" Romano invested \$250,000 for a 30% share in a three-way venture called Expandable Graft Partnership. That gave Palmaz and Schatz the funds to keep testing their brainchild in dogs and rabbits.

Romano understood the power of patents. When the animal tests succeeded, he applied for the broadest possible patent, one that would cover all balloon-expandable stents. In 1986, Romano, Schatz, and Palmaz started auditioning health-care companies to license their crazy-sounding technology. They had only two main candidates—you guessed it: J&J and Boston Scientific. Boston didn't want to pay much, so it appealed to the partners' idealistic streak, never a good policy with Romano. "Boston told us, 'This would help humanity—money isn't important,'" he recalls. "I told them that I wasn't a doctor, so I wasn't interested in the philosophical part, only in money."

But J&J, always adept at spotting new technologies, decided to take a flier. It didn't even faze J&J managers when Romano wore a mink coat to their cafeteria in New Brunswick, N.J. J&J paid the three partners \$10 million, plus the promise of royalties, to license the invention. Eventually, in 1998, J&J bought all rights to the Palmaz-Schatz patent; in total, it paid about \$500 million.

In 1988, J&J began developing the stent at a newly created skunkworks in rural New Jersey. "We started with 20 employees," recalls Marv Woodall, the executive who headed the venture. By mid-1994, J&J had defied the odds by successfully steering the Palmaz-Schatz through clinical trials. Right from the start, the stents were a hit with doctors, who had become more and more discouraged with the long-term prospects of balloon angioplasty, thanks to reclogging. Within six months about one-third of angioplasty patients had to return for a repeat procedure, or go to bypass surgery.

The new stents prevented a major problem known as elastic recoil. Angioplasty successfully stretched tight vessels to allow far freer flow of blood. But the arteries often didn't stay stretched; instead they snapped back, cutting the flow of blood and forcing an emergency repeat procedure.

Despite the initial triumph of its stents, though, J&J managed to bazooka itself in the foot—a blunder it would later repeat. The company began to exploit its monopoly, critics say. J&J charged \$1,600 a stent and refused all discounts. "They were definitely gouging hospitals on the original stents," says Deepak Bhatt, a cardiologist at the Cleveland Clinic. (J&J says its prices were fair.) To make matters worse, Medicare didn't provide any reimbursement for the newfangled devices, which severely cut into hospitals' margins for the once-lucrative angioplasties. By 1997, J&J was reaping an incredible \$800 million in yearly sales on stents, and stood alone in the market.

But besides creating legions of angry customers, J&J wasn't

thinking about the future. "We failed to develop a new generation of stents," admits Brian Firth, a top Cordis executive. That left a huge opening for competitors, several of which had licensed J&J's broad patent. (Boston Scientific wasn't so lucky—but we'll get to that.) In October 1997, Guidant, a medical-device maker in Indianapolis, introduced its first stent—with a big boost from Medicare, which had started paying for the arterial scaffolds just that month. Within weeks, Guidant had snared 70% of the market from J&J. A raft of competitors followed, including Medtronic of Minneapolis and Boston Scientific. The new stents cost about the same as J&J's and weren't any better at fighting restenosis, but they had a big edge on the Palmaz-Schatz design: While the J&J stent flexed only in the middle, like a pair of boxcars connected by a coupling, the new arrivals were more like Slinkies. They were far easier to snake through the arteries.

From 1998 to 2003 it was neither J&J nor Boston Scientific on top: Guidant, with roughly 40% of the market, was king of the hill, and Medtronic ran a close second. But Nicholas was getting ready to fight. And Boston Scientific would do it by reinventing the stent itself. For as good as the bare-metal stents were, they were still leading to restenosis. In the months following the stent procedure, scar tissue would grow inside the stent's web of girders, like vines growing through a trellis. The stent actually aggravated the process. "The body recognized that the stainless steel was not supposed to be there, that it was being invaded by a foreign body," says Dr. Bill Hunter, CEO of Angiotech, a Vancouver research company that licenses technology to Boston Scientific. In more than one patient in five, scar tissue reblocked the vessel within six months. That was a huge improvement on the 30% to 40% relogging rate with basic angioplasty. But it still caused a horde of repeat procedures and bypass operations. The predicament for diabetics was especially serious, because their blood vessels tend to scar more heavily. The solution—finding a way to coat the metal with drugs to reduce scarring—would be a minor medical miracle.

By 1995, Boston Scientific—which long before had passed up the Palmaz-Schatz technology—found itself without a stent, or even a plan for one. Nicholas remembers the sense of panic: "J&J's stent is taking off, we're the biggest cardiology company, and we don't have the hottest product." But a few months later, just after Nicholas's awkward dinner with Larsen, the company found its rescuer: a colorful Israeli inventor named Kobi Richter.

A brilliant former fighter ace (he is credited with 12 kills), Richter leaves an indelible impression on everyone who meets him. "For Kobi, everything is combat," says a researcher who knows him well. For his part, Richter isn't too impressed with

the quality of leadership in the cardiology industry. "Let's just say the top executives have more ego than talent," he says dryly one recent morning in New York, clad in faded jeans, a black leather jacket, and a two-day growth of beard.

Even some detractors acknowledge Richter's abilities as an inventor and entrepreneur. He holds a Ph.D. in brain research, and he invented and commercialized visual-scanning devices that use artificial intelligence. By 1995 he had designed one of the most advanced stents, the Nir, named for an Israeli war hero. His brainchild was just what Boston was looking for. In their agreement Richter's company, Medinol, would manufacture the Nir and develop new models, and Boston would market it. In mid-1997, Boston launched the Nir in Europe—and pummeled J&J's stent. A year later the Nir struck again, quickly becoming the bestselling stent in the U.S.

What followed was a disaster. Three months after the stent's spectacular U.S. debut, balloons carrying one model of the stent leaked during more than two dozen angioplasty procedures, requiring emergency surgery in a number of patients. Boston was forced to withdraw that model, called the Sox, from the market in October 1998. The FDA blamed the problem on a manufacturing change it said Boston had made without informing the agency. Boston lashed back. CFO Larry Best accused the FDA of "misrepresentation" in an interview with the Wall Street Journal. The FDA referred the case to the U.S. Attorney in Boston. (The Justice Department is still investigating whether Boston Scientific concealed problems with the balloon after the launch. No actions have been taken, but the government has informed Boston and two of its top executives that they are targets of the probe. Neither the government nor the company has disclosed the names of the executives.)

Though other versions of the Nir stayed on the market, the relationship between Richter—who works closely with his wife, Judith—and Boston Scientific was already contentious. "They threatened to withhold supplies unless we did X, Y, or Z," says Boston Scientific CEO James Tobin. "Sometimes it was about money, sometimes priorities for R&D. The feeling we got was that they thought they'd given us too good a deal."

The explosion came after Tobin was forced to make an extraordinary confession to the Richters. In 1998, before Tobin arrived, Boston had opened a secret production facility in Galway, Ireland, using an assembly line copied from the one that Medinol used to produce the Nir in Israel. To this day, Boston swears that it intended the plant strictly as a backup, and that the plant was legal under its contract with Medinol. But in a lawsuit

filed in New York, Medinol says that the clandestine facility—named Project Independence—was designed to steal its trade secrets and illegally manufacture the Nir behind the Richters' back.

In early 2000, Boston Scientific's own auditors, Ernst & Young, demanded that the company publicly acknowledge its ownership of Project Independence. That forced Tobin to reveal the existence of the secret facility to the Richters at a dramatic meeting in his office on April 21. Tobin apologized, and acknowledges saying that the clandestine scheme "makes us look like a bunch of crooks." (Tobin claims he was joking.) The lawsuit is heading for trial late this year.

But as things were deteriorating with the Richters, Boston Scientific was quietly testing something radical. The company had tried coating its metal stent with a polymer that gradually released a drug that could retard scarring. The drug that seemed to work best, it turns out, was paclitaxel, a potent cancer medicine that Boston Scientific had licensed from Angiotech. (It's the same compound as Taxol, the Bristol-Myers Squibb drug that zaps the cells that cause breast cancer.) Miraculously the compound seemed to stop restenosis in its tracks. Arteries were reclogging in only 7% to 8% of cases with the new, coated stents.

The problem was that all the testing with paclitaxel had been done on the Medinol stent, and now Boston feared that if the Richter troubles grew it might not have a stent to call its own. So Tobin frantically sought to develop a new version of the metal scaffold. Here, luck was running his way. A year before, he'd settled a raft of litigation with Guidant; as part of the deal, Guidant had licensed one of its stent designs to Boston Scientific. Tobin used that patent to develop a stent for Boston called the Express, which debuted in 2002. It would later morph into today's bestselling Taxus model.

J&J, meanwhile, was busy working on its own, similar plan. The company began coating its metal stents with a different type of drug: sirolimus, a compound designed to prevent the body from rejecting kidney transplants, which Wyeth sells under the brand name Rapamune. Like Boston Scientific's Taxus, J&J's new Cypher stent dramatically reduced the reclogging of arteries around the tiny metal scaffold. The results were essentially identical; virtually all of the dozens of cardiologists Fortune interviewed said the stents work about equally well.

Nevertheless, J&J had a significant headstart in the market, and might well have kept its lead had it not blundered again.

Like its first bare-metal stent, J&J's drug-coated version created a sensation. In the words of Cordis's Croce, the Cypher became the "most successful product J&J ever launched."

That's in large part because before the Cypher's official unveiling in April 2003, J&J had aggressively hyped the success of its clinical trials to cardiologists and patients alike. Says Bill Hawkins, president of Medtronic: "They promoted the Cypher as a cure." The publicity inspired huge excitement among interventional cardiologists, gadget hounds who can't wait to get their hands on the latest technology. They had been waiting for this breakthrough for years. The doctors were getting lots of pressure from their patients too. "Our patients are very Net-savvy. They brought in printouts of the articles and J&J press releases about the new stents," says Dr. S. Chiu Wong of New York

Presbyterian Hospital. No fewer than 50,000 patients delayed their procedures to wait for the stent on the day of the launch.

But J&J didn't have nearly enough stents to satisfy the ravenous demand. What went wrong? Just before the launch, J&J suffered two jolting blows that it wasn't prepared for. First, in Europe, J&J had been able to ship stents from its inventory that were up to a year old. It believed that the FDA would grant the same one-year window in the U.S. But a few weeks before the launch, the FDA told J&J that it couldn't sell stents that were more than six months old. The requirement forced J&J to throw out tens of thousands of Cyphers. The second blow fell even closer to the launch. In its manufacturing process, J&J coats the tines, or girders, of the stents with a polymer containing its drug. Naturally, J&J tried to keep the dosage consistent, and thought it was conforming to what the FDA would require. But the FDA set specifications that were much tighter, forcing J&J to junk thousands of stents. By the time the launch date rolled around, it had just 40,000 stents ready to go. At least 100,000 patients were clamoring for the Cypher.

Croce says that it took J&J about eight weeks to refine its manufacturing process. Doctors were furious. "Here they generated all this hype and expectation and then tell us, 'We don't have the stents,' " says Dr. Bhatt of the Cleveland Clinic. As it had before, J&J further antagonized doctors and hospitals by charging high prices and generally refusing anything but piddling discounts, even to its best customers.

It wasn't until September that J&J tried to undo the damage. It increased its discounts and this February enlisted Guidant, which has a large sales force and excellent relationships with

cardiologists, to help market the Cypher, in exchange for big commissions. But neither the better discounts nor Guidant's help could soften the sting of the launch.

J&J's gaffes provided a giant opening for Boston Scientific. When the company introduced the Taxus the following March, J&J still wasn't supplying all the stents its customers needed. In contrast to J&J, Boston Scientific had ample supplies of stents ready to go the day of its launch. "When we ship a product to an account, they're amazed they can get enough," says Paul LaViolette, Boston's cardiovascular chief. "J&J trained customers to expect arrogant service in the most expensive product the cardiologists use." Adds CFO Best: "The resentment is definitely working in our favor." Piedmont Hospital in Atlanta switched from 100% Cypher stents to using the Taxus exclusively. "We pulled Cypher off our shelves," says administrator Jackie Vandergriff. "J&J alienated us so much it didn't matter if Guidant was in the picture."

Croce admits that J&J screwed up. "We couldn't supply the market fast enough," he says. "The combination of the waiting patients and the depleted inventory was horrible. Cardiologists were upset, and they should have been."

J&J's empathy apparently doesn't extend to its rivals—especially not to Boston Scientific. Last summer, with the Taxus thriving in Europe, J&J sought a preliminary injunction from a judge in Delaware to block Boston's stent from the U.S. market because it allegedly infringed on J&J's original patents for stent design. Boston Scientific's Best met with J&J executives in an effort to settle the suit, but to no avail. "I tried to settle on reasonable terms for both parties. Their attitude was, 'We'll get the injunction and have the market to ourselves for two years. Why should we settle?'"

J&J did not get the injunction. But Croce says that J&J's tough stance was justified. "We said that they shouldn't get an early start competing against us using our technology," says Croce. "We pioneered intellectual property in the field. We don't like people using technology without a license. That's what they're doing."

It further annoys Boston that J&J refuses to license its broad patents in stent design to Boston when it's sharing them with most of the other big players, including Guidant and Medtronic. Boston thinks the patents are not enforceable—a trial is set for mid-2005—but has sought to license them and pay royalties to avoid suits from J&J. Croce insists that J&J's stance is all business. "Guidant and Medtronic offered us technology we

wanted, not just cash, in exchange for licenses," says Croce. "In Boston's case they didn't have the technology we wanted."

But another CEO who deals with both parties says that "there's a special level of resentment" between the two companies: "They just don't like each other." Hawkins of Medtronic suggests that it may just reflect J&J's pain at losing its lead. "That always generates a lot of tension," he says. But J&J's Croce thinks that's bosh. He argues that Boston's lead doesn't mean much—that doctors will eventually come back to J&J, whose stents they have used successfully on 700,000 patients. "When a new product arrives, all the doctors try it," he says. "It will take months before we know where the market shares will settle out."

Croce is right: The lead is likely to change again. J&J is testing Cypher and Taxus in head-to-head clinical trials in Europe and is betting its stent will prove superior. Guidant, Medtronic, and the Cook Group, a privately held maker of medical devices, are circling. Cook, an early manufacturer of bare-metal stents, is developing a drug-coated stent using the same drug employed by Boston Scientific, paclitaxel. Both Guidant and Medtronic are conducting clinical trials in Europe of their own drug-coated stents, reportedly much more flexible than those of either of the current leaders.

The smart money says that at least one competing stent, and maybe two, will hit the U.S. by the end of 2005. Even Tobin expects competition. Believe it or not, that doesn't bother him. "We'll come out with a new, more flexible stent," he says. "Why should we lose the lead?" Then Tobin pauses. "You'd think we'd do the same thing as J&J. They lost it, right—so we'll lose it too? No one would believe we'll stay in front unless you look at our track record." The turbulent history of stents suggests that Tobin is wrong. But in this most hubristic of industries, a world of epic battles, characters, and insults, what gladiator doesn't think he can defy history?