

Nyasha Spears, M.D.,

Court File No: 69DU-CV-25-3341

Plaintiff,

v.

ORDER

St. Luke's Hospital of Duluth Inc. d/b/a
St. Luke's of Duluth, St. Luke's Hospital of
Duluth and Aspirus St. Luke's Hospital,
And Aspirus, Inc. d/b/a Aspirus Health and
Aspirus St. Luke's Hospital,

Defendant.

The matter was before the Court on November 18, 2025, the Honorable Shawn B. Reed presiding, on Plaintiff Nyasha Spears's ("Plaintiff") Motion for a Temporary Restraining Order and Temporary Injunction pursuant to Minnesota Rules of Civil Procedure Rules 65.01 and 65.02. Plaintiff appeared along with her counsel, Jeffery B. Oberman. St. Luke's Hospital, corporate representative Marla Halvorsen was present with counsel Zach Alter.

Based on the file, records, submissions, and statements made at the hearing, the Court makes the following:

ORDER

1. Plaintiff's motion for a Temporary Injunction is **GRANTED**.
2. Defendants are preliminarily enjoined from enforcing the Non-competition and Non-solicitation provisions of the Employment Agreement against Plaintiff as it relates to Plaintiff's proposed Direct Primary Care practice as outlined in the Complaint.
3. This temporary injunction shall remain in effect pending further order of the Court.

4. Pursuant to Minnesota Rule of Civil Procedure 65.03(a) and the Court's discretion under *Howe v. Howe* and *Bio-Line, Inc. v. Wilfley*, no bond is required for the temporary injunction granted in this matter.

5. The attached memorandum of Court is incorporated by reference.

BY THE COURT:

Honorable Shawn B. Reed
Judge of District Court

MINNESOTA
JUDICIAL
BRANCH

MEMORANDUM

Facts.

Plaintiff is employed as a family physician under a Physician Employment Agreement (“Agreement”) executed on October 7, 2013. The Agreement, drafted by Defendants, expressly defines the term “Medical Practice” as the P.S. Rudie Medical Clinic located at 26 East Superior Street, Duluth, Minnesota. (Exhibit A to Compl.)(Index #2).

The Agreement includes a two year non-competition clause. (*Id.*, § 7.1.1). That non-compete clause stated:

“[d]uring any term of this Agreement, and for a period equal to the term hereof including the initial and all renewal terms, but not to exceed two (2) years following the termination of this Agreement for any reason ("Period of Non-competition"), Physician shall not, except as otherwise provided herein, engage in a medical practice or business which is substantially similar to that provided under this Agreement within a twenty-five (25) mile radius of any of Hospital's medical offices where Physician maintained an office or provided services on a regular recurring basis or within a twenty-five (25) mile radius of any facility where Physician practiced Physician's specialty on a regular recurring basis within one (1) year prior to the termination of employment with Hospital. Notwithstanding the foregoing, Physician shall not be subject to a Period of Non-competition in the event Hospital terminates this Agreement pursuant to Section 6.1.4 (sale or discontinuance of operations) or Section 1.2 (notice of non-renewal given by Hospital.)”

(*Id.*)(Emphasis supplied). In addition to the noncompete provision, the Agreement also includes a non-solicitation provision that prohibited Plaintiff as follows:

“Physician shall not, either directly or indirectly, on Physician's behalf or on behalf of any other person, firm or organization (other than Hospital) solicit or attempt to entice away from Hospital any patient of Hospital or the services of any of its employees.”

(*Id.* § 7.1.2).

The non-competition provision restricts Plaintiff from practicing medicine within a 25-mile radius of Duluth and surrounding communities, including Cloquet, Hermantown, Superior, and Two Harbors, for a period of two years following termination. (*Id.*, § 7.1.1). Comparable

communities outside the restricted radius include Moose Lake (48 miles), Virginia (66 miles), Grand Marais (108 miles), and Ashland, Wisconsin (74 miles). (Aff. of Plaintiff, ¶¶ 11-12)(Index #20).

Section 6 of the Agreement governs termination. Section 6.1.4 states:

[u]pon the determination of the Board of Directors of Hospital to sell or otherwise dispose of substantially all of the assets of Hospital, or to discontinue the operation of the Hospital or the Medical Practice, provided Hospital gives Physician one hundred and eighty (180) days prior written notice of termination under this subsection. (Hospital presently has no such intentions with regard to the Hospital or the Medical Practice.)

(*Id.* at § 6.1.4)(Emphasis supplied).

In March 2025, St. Lukes completed an affiliation with Aspirus Health. (Exhibit B to Aff. of Atty. Oberman)(Index #9). In a Healthcare Finance News article, it was reported that:

“[p]atient care and services will continue as usual, and patients will be able to keep seeing their current providers. Clinic locations and phone numbers will remain the same, the systems said.”

(*Id.*)

Despite that, on February 6, 2025, Aspirus St. Luke’s Employee Performance & Development Leader Aaron Tetzlaff advised Plaintiff:

“[t]his letter will serve as formal confirmation of the relocation...of your Physician position from Aspirus St. Luke’s Clinic – Duluth – 26 E. Superior St. to Aspirus St. Luke’s Clinic – Duluth 6351 E. Superior St.

While the decision to discontinue services at Aspirus St. Luke’s Clinic – Duluth – 26 E. Superior St. was difficult, it was necessary For Aspirus St. Luke’s to adapt and transform our structures and processes....”

(*Id.*, Exhibit C)(Emphasis supplied). This notice was provided with 36 days advance notice. (*Id.*, Exhibit H, p. 2, ¶ e).

On February 10, 2025, physicians at the Medical Practice viewed this as a breach and asked to be released from the noncompete agreement. (*Id.*, Exhibit D)(noting that “[w]hen other

clinics have been closed, Medical Arts Clinic, providers were released from their non-compete agreement). On the same day, Defendants advised that:

“[w]e included a legal review of the agreements prior to the decision, and it was determined that this is not a material breach [s.i.c.]. We are not waiving the non-compete.”

(*Id.*, Exhibit E).

On May 20, 2025, Plaintiff provided Defendants with a Notice of Breach and Notice of Non-renewal. (Exhibit H, Aff. of Atty. Oberman)(Index #9). The non-renewal would have been effective January 23, 2026. Plaintiff, however, continued her employment with Defendants. (*See* Def. Mem. p. 16)(Index #17).

Plaintiff intends to establish a Direct Primary Care practice in Duluth, with estimated startup costs exceeding \$150,000, including lease obligations, medical equipment, and legal and accounting fees. (*Id.*, ¶ 9). Plaintiff submitted evidence documenting a shortage of primary care physicians in Minnesota, particularly in the Duluth area, with pronounced effects on low-income and underserved patients. (*Id.*, ¶¶ 52–56)(Exhibits J–K to Aff. of Atty. Oberman)(Index #9).

Defendants acknowledged receipt of Plaintiff’s May 20, 2025 correspondence. (*Id.*, Exhibit I). Defendants opined that the non-compete and non-solicitation provisions remain in effect. (*Id.*)

ANALYSIS

I. Legal Standard for Temporary Injunctive Relief.

A district court may grant a temporary injunction if, upon review of any affidavits, deposition testimony, or oral testimony presented to the court, it determines that there are sufficient grounds to warrant such relief. Minn. R. Civ. Pr. 65.02(b). The decision to grant injunctive relief “rests within the sound discretion of the [district] court, and its action will not be

disturbed on appeal unless, based upon the whole record, it appears that there has been an abuse of such discretion.” *Cherne Indus., Inc. v. Grounds & Assocs., Inc.*, 278 N.W.2d 81, 91 (Minn. 1979).

A district court abuses its discretion if it bases its decision to grant injunctive relief on an erroneous interpretation of the law or if it disregards facts. *DSCC v. Simon*, 950 N.W.2d 280, 286 (Minn. 2020); *Cramond v. Am. Fed’n of Lab. & Cong. of Indus. Orgs.*, 267 Minn. 229, 126 N.W.2d 252, 256-57 (1964).

A temporary restraining order and temporary injunction are extraordinary equitable remedies and should be granted only when clearly warranted. *Miller v. Foley*, 317 N.W.2d 710, 712 (Minn. 1982). Courts evaluate such motions under the factors articulated in *Dahlberg*, including:

- (1) The nature and background of the relationship between the parties before the dispute;
- (2) The harm to be suffered by the moving party if the TRO is denied compared to that inflicted on the non-moving party if the TRO is granted;
- (3) The moving party’s likelihood of success on the merits;
- (4) The public policy interests involved; and
- (5) The administrative burdens imposed on the court in supervising and enforcing the order.

Dahlberg Bros., Inc. v. Ford Motor Co., 137 N.W.2d 314 (Minn. 1965). Because a temporary restraining order “is granted prior to a complete trial on the merits, it should be granted only when it is clear that the rights of a party will be irreparably injured before a trial on the merits is held.” *Miller v. Foley*, 317 N.W.2d 710, 712 (Minn. 1982). Thus, of the five factors, the most important is the likelihood of success on the merits. *Softchoice v. Schmidt*, 763 N.W.2d 660, 666 (Minn. Ct. App. 2009).

Although Plaintiff styled her motion as seeking both a Temporary Restraining Order (TRO) and a Temporary Injunction, the Court will review this as a Motion for Temporary Injunction. The parties have received notice and an opportunity to be heard.

A. Relationship between the Parties.

An injunction should “preserv[e] the *status quo ante* relationship of the parties.” *Dahlberg Bros., Inc.*, 137 N.W.2d at 321-22. However, the court “has the power to shape [injunctive] relief in a manner which protects the basic rights of the parties, even if in some cases it requires disturbing the status quo.” *N. Star State Bank of Roseville v. N. Star Bank Minn.*, 361 N.W.2d 889, 895 (Minn. Ct. App 1985) (citing *Cox v. Nw. Airlines, Inc.*, 319 F. Supp. 92, 95 (D.Minn. 1970)).

For purposes of a temporary injunction, the relationship of the parties is typically a material factor in a court’s analysis only where there is an existing contractual or other relationship between the parties that will be disrupted in the absence of an injunction. *See, e.g., Pac. Equip. & Irrigation v. Toro, Co.*, 519 N.W.2d 911 (Minn. Ct. App. 1994). This factor is fundamentally tied to the idea of preserving the status quo where the disruption of the status quo would in and of itself either cause harm or effectively resolve the case as a practical matter before a final judgment can be entered.

Plaintiff is employed as a Physician by Defendants. Defendants are the Plaintiff’s employer. That continues to be the relationship, subject to the instant litigation. (Exhibit H and I, Aff. of Atty. Oberman)(Index #9)(Def. Mem., p. 16)(Index #17). This factor is neutral.

B. Balance of the Harms.

The balancing of harm considers “[t]he harm to be suffered by the plaintiff if the temporary restraint is denied as compared to that inflicted on the defendant if the injunction

issues pending trial.” *Dahlberg*, 137 N.W.2d at 321. Irreparable harm is harm for which no adequate legal remedy exists. *Miller*, 317 N.W.2d at 713. Temporary injunctions should only be granted “in the exceptional circumstance where a party will be irreparably injured before a trial on the merits can be held.” *Webb Publ’g Co. v. Fosshage*, 426 N.W.2d 445, 448 (Minn. Ct. App. 1988).

Plaintiff has shown concrete harm: enforcement of the non-compete would prevent her from practicing medicine in her established community, disrupt care for her patients, and impose significant personal and professional hardship, including care responsibilities for her children and elderly father. Monetary damages alone cannot remedy the loss of goodwill, professional continuity, and patient relationships.

Harm to the Defendant would be limited. Plaintiff specifically seeks to open a Direct Primary Care Practice. The Direct Primary Care practice that Plaintiff promotes would opt out of Medicare, Medicaid, or insurance, all of which are the primary sources of funding for Defendants.

Defendants argue that Plaintiff’s claimed harm is speculative and focuses on non-party patients. Injunctive relief is primarily concerned with harm to the moving party. Here, Plaintiff’s harm is personal and immediate. She cannot start her own practice or continue her professional practice in the Duluth area if the non-compete is enforced. The hardship imposed on Plaintiff outweighs any speculative harm to Defendants, who continue to employ Plaintiff and may pursue remedies if they ultimately prevail; or, if Plaintiff expanded beyond the Direct Primary Care practice model noted in the Complaint. The balance of harms favors Plaintiff. This factor weighs in favor of granting temporary injunctive relief.

C. Likelihood of Success on the Merits.

Interpretation of an unambiguous contract is a question of law. *Denelsbeck v. Wells Fargo & Co.*, 666 N.W.2d 339, 346 (Minn. 2003). An ambiguity in a contract is construed against the drafting party. *Rusthoven v. Com. Standard Ins. Co.*, 387 N.W.2d 642, 645 (Minn. 1986). In this case, the contract is a noncompete agreement. Noncompetition agreements are not favored at law because they partially restrain trade. *Sanborn Mfg. Co. v. Currie*, 500 N.W.2d 161, 164 (Minn. Ct. App. 1993)(citing *National Recruiters, Inc. v. Cashman*, 323 N.W.2d 736, 740 (Minn. 1982)).¹

1. Plaintiff's Arguments.

The plain language of the Agreement defines the Medical Practice as the P.S. Rudie Clinic at 26 E. Superior Street, Duluth, Minnesota. (Exhibit A to Aff. of Atty. Oberman)(Index #9). The Agreement further required the provision of 180 days' notice prior to a discontinuation of the Medical Practice. (*Id.*, § 6.1.4). The non-compete language specifically excludes application of the noncompete, in part, as follows:

“Physician shall not be subject to a Period of Non-competition in the event Hospital terminates this Agreement pursuant to Section 6.1.4 (sale or discontinuance of operations)....”

(*Id.*, § 7.1.1)(Emphasis supplied).

¹ The Minnesota Legislature, recognizing this, passed legislation rendering employment contracts containing covenants not to compete as being unenforceable, with limited exceptions, commencing in 2023. *See* Minn. Stat. § 181.987, subd. 2 (2023).

a. Medical Practice was Discontinued.

Plaintiff argues that the Medical Practice was discontinued and as such, the noncompete no longer applies. Here, the record, using Defendant's own words demonstrate that the Medical Practice was discontinued. Defendants stated:

“[w]hile the decision to discontinue services at Aspirus St. Luke's Clinic – Duluth – 26 E. Superior St. was difficult, it was necessary For Aspirus St. Luke's to adapt and transform our structures and processes....”

(*Id.*, Exhibit C)(Emphasis supplied). If evidence presented during further motion practice or trial, bears this out, Plaintiff is not subject to the noncompete clause pursuant to the exception contained within Section 7.1.1.

b. Defendant's did not Provide Proper Notice.

Under general contract law, a party who first breaches a contract is usually precluded from successfully claiming against the other party. *Space Crt, Inc. v. 451 Corp.*, 298 N.W.2d 443, 451 (Minn. 1980).

Here, the current record reflects that Defendants did not provide 180 days' notice of the discontinuance of the Medical Practice as required by § 6.1.4 of the Agreement. Rather, the record reflects that the February 6, 2025 notice only provided 36 days' notice. (*Id.*, Exhibit H, p. 2, ¶ e). Defendants' provision of only 36 days' notice instead of the required 180 days, constitute a material breach. *See Motorsports Racing Plus, Inc. v. Arctic Cat Sales, Inc.*, 666 N.W.2d 320, 323 (Minn. 2003) (“A party in breach cannot selectively enforce contract provisions to its benefit.”)

If evidence presented during further motion practice or trial, bears this out, Plaintiff is not subject to the noncompete clause pursuant to the exception contained within Section 7.1.1.

3. Defendant's Arguments.

a. Relocation not Discontinuation.

Defendants argue that that the clinic was merely “relocated.” (Def. Mem. p. 15)(Index #17). Defendant relies upon the phrase “...currently located at P.S. Rudie Medical Clinic, 26 East Superior Street, Duluth, Minnesota.” (Def. Mem. p. 13)(Exhibit A, Recital 2, Aff. of Atty. Oberman)(Index #9)(Emphasis supplied). The reliance upon the phrase “currently located” does not support a mere “relocation” when considering the Defendant’s own notice. There, the Defendants specifically stated “discontinue services at Aspirus St. Luke’s Clinic – Duluth – 26 E. Superior St.” (February 6, 2025 Notice)(*Id.*, Exhibit C)(Emphasis supplied). The record, thus far, supports discontinuation, not relocation.

Further, as drafter, any ambiguities in the Agreement would need to be construed against the Defendant.

b. 180 days' Notice Not Required.

As it was a “relocation,” Defendant argues that the 180 day notice was not required. (Def. Mem. p. 13). For all the reasons noted above, the record reflects that this case involves discontinuation, not relocation. Accordingly, notice was required. If evidence presented during further motion practice or trial, bears this out, Defendant may have breached the Agreement and may not be able to enforce the Agreement.

c. Waiver.

Citing *St. Jude Med. S.C., Inc. v. Tormey*, 779 F.3d 894, 899, (8th Cir. 2015), Defendants argue that Plaintiff waived any breach by continuing to be employed beyond January 23, 2026, the end of her term of employment. (*Id.*, p. 15). *St. Jude* is based upon Minnesota caselaw, *Wolff v. McCrossan*, 296 Minn. 141, 210 N.W.2d 41, 43 (Minn. 1973) which stood for the

proposition that where a party orally waived conditions of a written contract, they are estopped from asserting nonperformance of those conditions in litigation.

Minnesota caselaw applying *Wolff* to noncompete litigation restricts waiver to those cases where the employee litigant signed a document upon termination acknowledging the existence of a noncompete and agreed to be bound by it. *See Creative Communications Consultants, Inc. v. Gaylord*, 403 N.W.2d 654, 657 (Minn. Ct. App. 1987). In this case, Plaintiff has not signed any document acknowledging the noncompete or non-solicitation provisions and agreeing to be controlled by the same moving forward. To the contrary, Plaintiff commenced the instant litigation on October 26, 2025. (Index #1-5). She commenced litigation in advance of January 23, 2026. By commencing litigation, Plaintiff maintains all her legal arguments. Continuing to work past January 23, 2026 term does not constitute a waiver.

Based on these facts and controlling law, Plaintiff has demonstrated a substantial likelihood of success on the merits against Defendants. This factor weighs in favor of granting temporary injunctive relief.

D. Public Interest.

Non-competition agreements are enforceable in Minnesota only to the extent they are reasonable, necessary to protect legitimate business interests, and do not harm the public. *Davies & Davies Agency, Inc. v. Davies*, 298 N.W.2d 127, 130 (Minn. 1980); *Granger v. Craven*, 159 Minn. 296, 304, 199 N.W. 10, 13 (1924). Each case must be evaluated on its specific facts, including the nature of the services, the effect on patients or customers, and the scope of the restriction. Minnesota courts have consistently recognized that overly broad or unnecessary restrictions on physicians can harm both the professional and the public by limiting access to care. *See Head v. Morris Veterinary Ctr., Inc.*, 2005 WL 1620328, at *4 (Minn. Ct. App. July

12, 2005) (modifying a non-compete to reduce the time restriction in recognition of reasonableness concerns).

Here, enforcement of the noncompete could prevent Plaintiff from practicing medicine within a 25-mile radius of Duluth, encompassing the communities of Cloquet, Hermantown, Superior, and Two Harbors—areas with established healthcare infrastructure. Communities outside this radius with comparable services are over 48 miles away, making relocation impracticable given Plaintiff's family obligations, including care of two teenage children and an elderly parent. Enforcement would therefore not only impose substantial hardship on Plaintiff but could also reduce access to primary care for residents of Duluth and surrounding areas.

The record reflects a documented shortage of primary care physicians in Minnesota, particularly in the Duluth area, which disproportionately affects low-income and underserved patients. (Exhibits J and K, Aff. of Atty. Oberman)(Index #9). This shortage is a matter of public record and judicial notice may properly be taken under Minnesota Rules of Evidence 201. Limiting Plaintiff's ability to practice locally would exacerbate an existing public health problem, in direct conflict with the public interest. Courts have recognized that public policy favors the availability of essential services, particularly healthcare, and that non-competes should not be enforced in a manner that harms the community. *See Albert Lea Clinic-Mayo Health Sys. v. Waugh*, 1996 WL 70100, at *2 (Minn. Ct. App. Feb. 20, 1996)(considering public interest in healthcare access).

Further, national and local trends indicate that health insurance premiums are rising and coverage is becoming increasingly unaffordable, leaving more patients uninsured or underinsured. The closure of the P.S. Rudie Clinic, coupled with enforcement of the noncompete, would restrict patient access to care and disrupt continuity of treatment, which is

particularly critical in primary care settings. Under these circumstances, enforcement of the noncompetition provision would contravene Minnesota public policy aimed at ensuring access to essential medical services.

For all these reasons, the Court finds that the public interest favors granting injunctive relief and allowing Plaintiff to continue practicing in her community. This factor weighs in favor of granting temporary injunctive relief.

E. Administrative Burden.

The issuance of a preliminary injunction in this case imposes minimal administrative burden on the Court. Without injunctive relief, Plaintiff would be forced to either violate the noncompete provision and risk litigation or remain unable to further practice in her community, creating unnecessary motion practice, discovery disputes, and potential enforcement actions—all of which would consume substantial judicial and party resources. Conversely, granting a temporary injunction preserves Plaintiff's ability to practice in Duluth and surrounding communities while the case proceeds, preventing multiple overlapping disputes and reducing the likelihood of further contested motions regarding relocation, employment status, or non-compete enforcement.

The Court finds that the administrative efficiency combined with the limited burden on the Court's resources, weighs in favor of granting injunctive relief. This approach aligns with Minnesota courts' guidance that injunctions are appropriate where they prevent repetitive litigation and protect the equitable rights of the parties while the merits are determined. *See Miller v. Foley*, 317 N.W.2d 710, 712–13 (Minn. 1982); *Dahlberg Bros., Inc. v. Ford Motor Co.*, 137 N.W.2d 314, 318 (Minn. 1965).

F. Bond Requirement.

Under Minnesota Rule of Civil Procedure 65.03(a), a court generally may require the moving party to post security when issuing a temporary injunction or temporary restraining order. However, the rule grants the court broad discretion regarding the amount of the bond, including the authority to waive the requirement entirely where appropriate. *Howe v. Howe*, 386 N.W.2d 431, 434 (Minn. Ct. App. 1986); *Bio-Line, Inc. v. Wilfley*, 374 N.W.2d 71, 74 (Minn. Ct. App. 1985). In exercising this discretion, the court may consider the risk of harm to the enjoined party if the injunction is later dissolved.

Here, the Court finds that Defendants has continued to employ Plaintiff under the existing employment agreement. Should Plaintiff proceed with her Direct Primary Care practice, any potential harm from the issuance of this temporary injunction is speculative and minimal. Accordingly, consistent with *Howe* and *Bio-Line*, the Court waives the bond requirement for the temporary injunction issued herein.

S.B.R.