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UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF VIRGINIA

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CLERK US DISTRICT COURT  
ALEXANDRIA, VIRGINIA

NESPRESSO USA, INC.,  
Plaintiff,

vs.

ETHICAL COFFEE COMPANY SA,  
Defendant.

Civil Action No. 2:15-cv-552

**JURY TRIAL DEMANDED**

Plaintiff Nespresso USA, Inc. ("Plaintiff" or "Nespresso"), by and through its undersigned counsel, hereby files this Complaint against Ethical Coffee Company SA ("Defendant" or "ECC") and avers as follows:

**NATURE OF ACTION**

1. This action arises under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202, and the patent laws of the United States of America, pursuant to Title 35 of the United States Code.

**PARTIES**

2. Plaintiff Nespresso is organized under the laws of the state of Delaware and maintains its principal place of business at 100 Park Avenue, 7th Floor, New York, New York 10017, United States. Nespresso is a leader in the single serve coffee market and has been offering coffee and espresso machines and compatible espresso capsules, consumables and accessories under the Nespresso® name through Nespresso USA, Inc. and its foreign affiliate, Nestlé Nespresso SA, as far back as the 1980s.

3. On information and belief, ECC is a corporation organized under the laws of Switzerland and maintains its principal place of business at Rue De Faucigny 5, Fribourg,

Switzerland CH-1700. On information and belief, ECC was founded in 2008 and principally manufactures third-party capsules intended for use in Nespresso coffee and espresso machines.

4. On information and belief, ECC purports to be the assignee of U.S. Patent No. 9,113,746 (“the ’746 patent”), pursuant to Reel/ Frame 035267/ 0473, recorded on March 26, 2015. The ’746 patent is the subject of this declaratory judgment action, and is attached as Exhibit A.

### **JURISDICTION AND VENUE**

5. This is a civil action regarding allegations of non-infringement arising under the patent laws of the United States, Title 35 of the United States Code, in which Nespresso seeks declaratory relief under the Declaratory Judgment Act. Thus, this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1331, 1338, 2201 and 2202.

6. A definite and concrete, real and substantial, justiciable controversy exists between Nespresso and ECC regarding, *inter alia*, the non-infringement of the ’746 patent, which is of sufficient immediacy and reality to warrant the issuance of a Declaratory Judgment.

7. This Court has personal jurisdiction over ECC under 35 U.S.C. § 293 because ECC is a patentee not residing in the United States who has not designated a person residing within the United States on whom may be served process or notice of proceedings affecting its patents rights thereunder. This Court separately has personal jurisdiction over ECC because ECC has purposefully availed itself to this jurisdiction by conducting activities under which Nespresso’s claim arises. Specifically, ECC retained patent lawyers in this jurisdiction to prepare its patent application and prosecute the ’746 patent application before the USPTO. On information and belief, ECC retained the law firm of Nixon & Vanderhye, PC, at 901 North

Glebe Road, 11th Floor, Arlington, VA 22203, to prosecute its patent application. On information and belief, Nixon & Vanderhye remain counsel of record in ECC's USPTO filings.

8. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1391, 1400 and 35 U.S.C. § 293, because ECC is a patentee not residing in the United States who has not designated a person residing within the United States on whom may be served process or notice of proceedings affecting its patents rights thereunder.

### **FACTUAL ALLEGATIONS**

9. Jean-Paul Gaillard, the current Chairman and CEO of ECC, served as the CEO of the entity that is now Nestlé Nespresso SA from 1988-1997. After his departure, Mr. Gaillard formed ECC in Switzerland in 2008.

10. Although ECC principally manufactures third-party coffee capsules, it has filed and obtained numerous patents purportedly directed to single serve coffee and espresso machines. ECC has sued Nespresso's foreign affiliates for patent infringement on these patents in at least two other countries, and has repeatedly indicated that it intends to sue Nespresso for patent infringement in the United States.

11. Upon information and belief, Mr. Gaillard, on behalf of ECC, has stated publicly that he believes Nespresso's global and U.S. sales infringe its patents, and has vocalized intentions to bring related patent suits against Nespresso across the globe, including the United States. Recently, Mr. Gaillard, on behalf of ECC, also directly notified Nespresso's ultimate foreign parent of his intention to sue Nespresso for patent infringement in the U.S. in 2016. Upon information and belief, the '746 patent is the only U.S. patent held by ECC, and therefore it is the patent implicated by ECC's threats. Accordingly, ECC's actions have forced Nespresso to seek a declaratory judgment of non-infringement of the '746 patent to remove any ambiguity

surrounding the '746 patent, and prove that Nespresso's coffee and espresso machines, such as its Original Line machines, do not infringe any valid patent claim.

**A. The Patent-in-Suit**

12. On January 23, 2012, ECC filed U.S. patent application number 13/386,482 ("the '482 application") as a 35 U.S.C. § 371 National Stage application. The '482 application is the U.S. National Stage application of International Application PCT/IB2010/053256, and purports to claim priority to International Application PCT/IB2009/053205.

13. On August 5, 2015, the USPTO mailed an Issue Notification that indicated the '482 application would issue as U.S. Pat. No. 9,113,746. (*See* Ex. B, Issue Notification.) On August 25, 2015, the PTO issued the '746 patent, entitled "Device for Preparing a Drink Extracted from a Capsule." The '746 patent names Alain Mariller of Le Mont-Pelerin, Switzerland as the sole inventor.

14. ECC is the purported owner by assignment of numerous patents and applications, including the '746 patent, Swiss Patent No. 701,971 B1, European Patent No. 2312978 B1, International Application PCT/IB2009/053205, and International Application PCT/IB2010/053256, *inter alia*.

15. ECC's International Applications, such as PCT/IB2009/053205 and PCT/IB2010/053256, have resulted in numerous National Stage patents and patent applications, including the '746 patent, Swiss Patent No. 701,971, and European Patent No. 2312978. On information and belief, these patents and applications are titled "Device for Preparing a Drink Extracted from a Capsule" and contain substantially similar figures and descriptions as the '746 patent.

**B. ECC's International Patent Infringement Lawsuits**

16. Upon information and belief, ECC has made clear that it intends to aggressively enforce its patents against Nespresso on a global scale, including in the United States.

17. On January 30, 2015, ECC filed suit in Switzerland (“the Swiss Patent Action”) against Nespresso’s foreign affiliate, Nestlé Nespresso SA, as well as third party manufacturers of Nespresso machines. Nestlé Nespresso SA offers these coffee and espresso machines for sale in Switzerland. The Swiss Patent Action alleged that Nestlé Nespresso SA infringes the claims of Swiss patent CH 701,971 B1, which, like the ’746 patent, purports to claim priority to PCT/IB2009/053205. (*See* Ex. C, Swiss Patent Action Request at ¶¶33-34, Unofficial English Translation attached.) ECC alleges that the allegedly infringing features are found on “all NESPRESSO machines sold to its distributors worldwide, except for business machines.” (*See id.* at ¶¶66-67.)

18. ECC’s Swiss patent claims are directed to a device for preparing a beverage extracted from a capsule configured to deform any capsule upon contact with hot water, and are similar to the claims of the ’746 patent in the United States. (*See, e.g., id.* at ¶39.) Nestlé Nespresso SA has denied in the Swiss Patent Action that its coffee and espresso machines infringe ECC’s Swiss patent.

19. ECC has also asserted an infringement action in France against Nespresso France S.A.S., and the French domestic manufacturers of Nespresso machines in France, based on European Patent No. 2312978 (“the ’978 patent”), which was filed April 8, 2011. The ’978 patent relates to the same International Applications as the ’746 patent, and includes claim limitations, such as claim 1, similar to claims of the ’746 patent, such as claim 3. Nestec S.A., an affiliate of Nespresso, and Nespresso France S.A.S. have contested the validity of the ’978 patent

in an opposition in the European Patent Office filed on August 1, 2013. This proceeding is ongoing.

**C. ECC's Global Threats Against Nespresso**

20. In addition to its actions alleging infringement, ECC has explicitly stated in interviews, publications, and marketing materials that it intends to enforce its patents globally, including in the United States—and specifically against Nespresso.

21. ECC has released press statements regarding its European patent and its corresponding patent family demanding that “Nestlé Group immediately stop this illegal usage and pay the necessary compensation.” (*See* Ex. D, Beverage Daily, “Coffee Capsule Maker Sues Nestlé Nespresso for 150m,” dated Jan. 19, 2015.) Nestlé SA is Nespresso USA, Inc.’s ultimate foreign parent.

22. ECC has also threatened future patent infringement actions in press statements stating that it “plan[s] to launch further actions in other countries where it alleges a violation of the same patent has occurred” and that it has “planned further actions – in addition to [the] claim brought at the Tribunal de Grande Instance de Paris – over different patents.” (*See id.*)

23. In connection with public statements regarding its International Patent Actions, ECC has further represented that it “will attempt to take similar steps in other countries, if similar violations are found.” (*See* Ex. E, World Coffee Press, “Ethical Coffee Company Sue Nespresso,” dated Jan. 30, 2015.)

24. ECC has also stated that based on Nespresso’s allegedly infringing coffee machines, “[w]e are now suing Nestlé for the amount of \$1 billion in Europe and for \$1 billion in America.” (*See* Ex. F, The Sydney Morning Herald, “Who’s taking on Nestle?” dated Aug. 8, 2015.) ECC has not yet brought suit in the United States, and upon information and belief the only patent that could form the basis for these threats is the ’746 patent.

**D. ECC's Direct Threat to Nespresso**

25. On December 7, 2015, Mr. Gaillard, on behalf of ECC, e-mailed Ricardo Cortes-Monroy, General Counsel of the Nespresso's ultimate foreign parent, and stated that ECC will file a U.S. patent infringement suit "in early 2016." Mr. Gaillard's e-mail was titled "Litigation to come in 2016."

**E. Immediate, Concrete and Substantial Controversy in the United States**

26. There is an immediate, concrete, and substantial controversy between ECC and Nespresso about whether Nespresso's coffee and espresso machines infringe any valid patent right possessed by ECC. In view of ECC's aggressive actions in suing Nespresso affiliates in Switzerland and France for alleged infringement of its Swiss and European patents, and ECC's numerous statements and direct threats to Nespresso regarding patent infringement in the United States by its coffee and espresso machines, there is a substantial threat from ECC that it intends to assert the U.S. counterpart of the Swiss and European patents—the '746 patent. Until the ambiguity associated with the '746 patent is resolved, Nespresso's ability to make its coffee and espresso machines in the United States, and to offer to sell and sell in the United States, and import into the United States, without the risk of patent infringement allegations by ECC will remain in question.

27. Accordingly, Nespresso brings this action to remove any cloud of uncertainty that hangs over it regarding the '746 patent, and to protect its continued and substantial investment in its coffee and espresso machine products, including its Original Line machines.

**COUNT I**

**(Declaratory Judgment of Non-Infringement of U.S. Patent No. 9,113,746)**

28. Nespresso hereby repeats, re-alleges, and incorporates by reference each and every allegation contained in paragraphs 1 through 27 above as though fully stated herein.

29. A definite and concrete, real and substantial, justiciable controversy exists between Nespresso and ECC regarding, *inter alia*, the non-infringement of any valid claim of the '746 patent with respect to the manufacture, sale or importation of Nespresso's coffee and espresso machines, such as Nespresso's Original Line machines, including Original Line machines manufactured by third parties. This controversy is of sufficient immediacy and reality to warrant the issuance of a Declaratory Judgment.

30. Nespresso's coffee and espresso machines, such as Nespresso's Original Line machines, including Original Line machines manufactured by third parties, have not infringed, and do not infringe, any valid claim of the '746 patent. Among other reasons, Nespresso's coffee and espresso machines, including its Original Line machines, do not infringe any claim of the '746 patent because they do not include a "capsule cage [] sized in such a way as to at least partially deform any capsule made of a material that can be deformed upon contact with hot water which is placed in the capsule cage so that the capsule is retained in the capsule cage following its contact with hot water"—a limitation required by claims 1-4 of the '746 patent.

31. Accordingly, Nespresso seeks a judgment declaring that it does not infringe, and has not infringed, directly or indirectly, contributorily or by inducement, any valid claim of the '746 patent.



**DEMAND FOR A JURY TRIAL**

32. Pursuant to Federal Rule of Civil Procedure 38(b), Nespresso demands a trial by jury of all issues triable as of right to a jury.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs pray that this Court enter a judgment in its favor, including at least the following:

- a) A declaration that Nespresso has not infringed and is not infringing, either directly, indirectly, literally or under the doctrine of equivalents, any valid claim of the '746 patent;
- b) An injunction prohibiting ECC, its officers, directors, servants, managers, employees, agents, successors and assignees, and all persons in active concert or participation with them, from alleging infringement of the '746 patent against Nespresso.
- c) A declaration that this case is an exceptional case pursuant to 35 U.S.C. § 285;
- d) An award of Nespresso's reasonable attorneys' fees, costs and expenses; and
- e) Such other and further relief as the Court deems just and proper.

Dated: December 21, 2015

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Respectfully submitted,

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