



UPDATE 2 – Nestle sues Sara Lee over Nespresso patent

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By Michele Gershberg and David Jones

* Nespresso generated 2.77 bln Swiss francs sales in 2009

* Sara Lee says move won't affect roll out of its product

(Adds comment from Sara Lee)

ZURICH, June 15 (Reuters) - Nestle <NESN.VX> is suing U.S. food group Sara Lee <SLE.N> in France for patent infringement of its Nespresso coffee system, the Swiss company said on Tuesday, aiming to protect its top-selling product.

The premium coffee product, which has been growing at double-digit percentage rates, has recently been exposed to competition in France, where Sara Lee as well as Ethical Coffee Co, founded by former Nespresso Chief Executive Jean-Paul Gaillard, launched Nespresso-compatible coffee capsules.

"We do not see any reason why Nespresso is initiating legal action against our products as they met all legal requirements," Ernesto Duran, a spokesman for Sara Lee said, adding Sara Lee was confident this would not affect the roll-out of its capsules.

Nespresso packaged capsules are used in special machines to brew individual cups of espresso.

"Nestle is moving to protect its intellectual property, which is going to be more important than the commodity (coffee) in the corporate food battlefield of the future," Kepler Capital Markets analyst Jon Cox said.

Independent food sector analyst James Amoroso said the suit was likely to be a test case. "Nestle will not want the floodgates to open," he said.

Gaillard said Nestle had so far not taken legal action against his Ethical Coffee Co.

Nestle's Nespresso unit's sales rose by 22 percent to 2.77 billion Swiss francs (\$2.6 billion) in 2009 and Nestle aims for sales of more than 3 billion francs in 2010.

(Reporting by Silke Koltowitz and Pascal Schmuck; Editing by David Holmes, Mike Nesbit)

(\$1=1.068 Swiss francs)

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