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UNITED STATES DISTRICT COURT, WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

PENNY STAFFORD, DBA BELVI COFFEE
AND TEA EXCHANGE, INC., on behalf of
herself and all others similarly situated,

Plaintiff,

v.

STARBUCKS CORPORATION,

Defendant.

CV 06 - 1382 JCC
CLASS ACTION COMPLAINT
FOR VIOLATION OF THE
SHERMAN ACT

Plaintiff Penny Stafford, doing business as Belvi Coffee and Tea Exchange, Inc., by and through her attorneys, brings this action on behalf of herself and all other similarly situated persons, companies and entities ("Class Members") and hereby alleges upon personal knowledge and belief as to her own acts, and upon information and belief (based on investigation by Plaintiff Belvi and counsel) as to all other matters, as to which allegations Plaintiff believes substantial evidentiary support exists or will exist after reasonable opportunity for further investigation and discovery of evidence, as follows:

I. INTRODUCTION

1. This action arises from the insatiable and unchecked ambition of the world's largest multinational chain of specialty coffee shops to continue to dominate the market for



1 specialty coffee. In 2005, retail specialty coffeehouse storefront businesses in the United States
2 totaled \$8.3 billion in sales. By far the dominant player and monopolist in the market for
3 specialty coffee is Starbucks. It had 165 stores when it went public in 1992. As of today,
4 Starbucks has 5,393 company operated coffeehouses in the United States (including Hawaii). It
5 also has 2,486 licensed storefronts that are found in prime locations such as grocery chains,
6 bookstores such as Barnes & Noble, and airports.

7 2. Additionally, Starbucks products are sold in 30,000 outlets including colleges,
8 grocery stores, and warehouse clubs. Within the next decade, Starbucks' goal is 25,000 stores.
9 In 2005 alone, Starbucks generated over \$6.3 billion in sales. The company's United States
10 operations represented 81% of its total net revenues, which increased by 21% over Fiscal Year
11 2004. Between the years 2000 and 2005, the specialty coffeehouse industry experienced 42%
12 revenue growth. Starbucks coffeehouse growth during that same period was 180%, clinching all
13 new growth and taking a huge share of existing business from the independents.

14 3. From 2003 through 2005, Penny Stafford, doing business as Belvi Coffee and Tea
15 Exchange, Inc., tried to enter the specialty coffee business in the highly sought after retail spaces
16 that are located in Seattle and Bellevue's Class A high-rise commercial office buildings. But her
17 entry was blocked because, through the unlawful use and abuse of its monopoly power in this
18 market, Starbucks foreclosed competition in the market for specialty coffeehouse drinks through
19 various actions including a series of exclusive lease agreements it had entered into with the
20 owners of the Puget Sound area's largest commercial office buildings in both Seattle and
21 Bellevue. Often, in exchange for lease payments higher than the fair market value, the property
22 managers were prohibited from permitting any other business making espresso drinks or
23 specialty coffee to operate in or around the same building, despite the existence of demand in
24 those locations. In part, because of these exclusionary leasing agreements, Starbucks saturates
25 the relevant Seattle market with 59 stores within the two-mile radius of Seattle's downtown core,
26 and also dominates the relevant Bellevue Market as well.



