

**UNITED STATES DISTRICT COURT  
DISTRICT OF MAINE**

<b>IDEXX LABORATORIES, INC.</b>	)
	)
<b>and</b>	)
	)
<b>IDEXX DISTRIBUTION, INC.,</b>	)
	)
<b>Plaintiffs,</b>	)
<b>v.</b>	)
	)
<b>TRIPLE R VETERINARY, PLLC,</b>	)
	)
<b>Defendant.</b>	)

**COMPLAINT**

NOW COME Plaintiffs IDEXX Laboratories, Inc. (“IDEXX Laboratories”) and IDEXX Distribution, Inc. (“IDEXX Distribution”) (collectively “IDEXX”) for their complaint against Defendant Triple R Veterinary, PLLC and state as follows:

**PARTIES**

1. Plaintiff IDEXX Laboratories, Inc. is a Delaware corporation registered to do business in the State of Maine with a principal place of business at One IDEXX Dr., Westbrook, Maine 04092. IDEXX Laboratories is a leader in diagnostics and information technology solutions for animal health and water and milk quality.

2. Plaintiff IDEXX Distribution, Inc. is a Massachusetts corporation registered to do business in the State of Maine with a principal place of business at One IDEXX Dr., Westbrook, Maine 04092. IDEXX Distribution is an affiliate of IDEXX Laboratories and operates some of its laboratory business under the name IDEXX Reference Laboratories.

3. Defendant Triple R Veterinary, PLLC (“Triple R”) is a Texas professional limited liability company with a principal place of business at 3930 Bee Caves Road, Suite 10, Austin, Texas 78746. Triple R holds ownership interests in a variety of veterinary practices located principally in Texas.

### **JURISDICTION AND VENUE**

4. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1332(a)(1) based on diversity of citizenship between Plaintiffs and Defendant. The amount in controversy, exclusive of interest and costs, exceeds \$75,000, as specified by 28 U.S.C. § 1332(a).

5. The Court has personal jurisdiction over Defendant and venue is proper in this District pursuant to 28 U.S.C. § 1391(b) because Plaintiffs have a principal place of business in this District and a substantial part of the events giving rise to the claims set forth occurred within this District.

### **FACTUAL BACKGROUND**

6. On January 1, 2012, IDEXX Distribution and Triple R entered into the “IDEXX Reference Laboratory Preferred Customer Agreement” (“the Parent Agreement”), an agreement for, among other things, reference laboratory services. The Parent Agreement was executed by Jasen Trautwein (“Trautwein”), Triple R’s sole manager, on behalf of six (6) veterinary clinics owned or controlled by Triple R.

7. The Parent Agreement provides that from January 1, 2012, through the Agreement’s end date of December 31, 2019, in exchange for a “loyalty payment” of \$1.8 million and a substantial discount off of list price, Triple R and its six affiliated clinics will use IDEXX for at least 90% of their annual reference laboratory services. Reference laboratory

services are those in which a specimen is sent, or “referred,” to an outside laboratory for analysis.

8. The Parent Agreement sets a minimum monthly and overall annual purchasing level, in dollars, for reference laboratory services that Triple R and its affiliates must meet.

9. In addition to setting purchasing standards for reference laboratory services, the Parent Agreement also requires Triple R to purchase annually a certain level of “in-house consumables,” which are diagnostic products such as rapid response urine and blood tests, to be used “in-house” by veterinary practices.

10. The Parent Agreement also provides that Triple R will cause any practices it acquires during the agreement term to enter into a separate agreement of substantially the same form and will cause those affiliates to transfer at least 90% of their reference laboratory services to IDEXX within 90 days of acquisition. With respect to the newly-acquired practices, IDEXX agrees to provide “acquisition support” payments essentially akin to the loyalty payment paid to Triple R.

11. At various times after entering into the Parent Agreement, Triple R, through Jasen Trautwein, executed nearly identical Preferred Customer Agreements on behalf of seven (7) additional veterinary practices acquired by Triple R (the “Subsequent Agreements”) (collectively with the Parent Agreement “the Agreements”).

12. Pursuant to the Parent Agreement, IDEXX made “acquisition support” payments to help Triple R acquire these additional practices in an amount exceeding \$350,000. The total of the “loyalty payments” and “acquisition support” payments advanced by IDEXX exceeds \$2.1 million.

13. At the end of 2011 and beginning of 2012, at the time the Parent Agreement was negotiated and signed, Robert Sigman (“Sigman”) was an IDEXX regional sales manager for the South Texas region.

14. Although negotiating agreements like the Parent Agreement was not part of his duties, Sigman was directly and significantly involved in negotiating the Parent Agreement.

15. As part of his employment with IDEXX, Sigman signed a non-compete agreement and a non-disclosure agreement both aimed at preventing Sigman from using information gained through his employment with IDEXX to compete with IDEXX or otherwise economically disadvantage IDEXX.

16. The non-disclosure agreement provides, in pertinent part, that “I recognize that my relationship with [IDEXX] is one of high trust and confidence by reason of my access to and contact with trade secrets and confidential and proprietary information of [IDEXX] and its customers and contractors. I will not at any time, either during my employment with [IDEXX] or thereafter, disclose to others, or use for my own benefit or for the benefit of others, any of the Developments or any confidential, proprietary or secret information owned, possessed or used by [IDEXX] or its customers or contractors.”

17. Sigman left IDEXX on July 13, 2012, after more than ten years of employment.

18. On information and belief, prior to resigning from IDEXX, Sigman partnered with Trautwein to form Veterinary Purchasing Partners, Inc. (“VPP”). In 2015, VPP became Veterinary Growth Partners, LLC (“VGP”), a Texas limited liability company with a principal place of business at 3930 Bee Caves Road, Suite 9, Austin, Texas 78746, the same address as Triple R. VPP was and VGP is a membership organization for veterinary practices that, among other benefits, operates as a buying group for its members. VGP, for example, negotiates group

rates for veterinary laboratory services and products on behalf of its members. Trautwein and Sigman are the managers of VGP and Sigman is its President.

19. As described above, prior to his departure from IDEXX, Sigman had been heavily involved in negotiating an agreement with Trautwein and Triple R. Roughly two weeks after Sigman left the employ of IDEXX and joined VPP, Jasen Trautwein, on behalf of VPP, executed an agreement with IDEXX for various pricing structures and discounts that IDEXX would provide VPP and its members in return for IDEXX being granted “exclusive partner” status as the provider of reference laboratory services and “primary partner” status for various other services. The VPP Agreement was dated July 31, 2012.

20. Because IDEXX had already entered into a supply arrangement with Triple R under the Parent Agreement, Triple R, which was a member of VPP and, on information and belief, the most significant member, was excluded from the VPP Agreement’s terms.

21. In early 2015, IDEXX concluded that the VPP/VGP Agreement was not working as initially contemplated. IDEXX and VGP then negotiated a termination of the agreement in May 2015. Sigman signed the Termination Agreement for VPP/VGP.

22. After the termination of the IDEXX/VPP Agreement, Sigman expressed concern about the impact the termination might have on the Agreements. IDEXX assured him that it would have no effect.

23. Notwithstanding those assurances, in June 2015, Sigman informed IDEXX, on behalf of Triple R, that Trautwein and Triple R intended to breach the Agreements and transfer Triple R’s and its affiliates’ reference laboratory business to IDEXX’s primary competitor in reference lab services.

24. During that conversation, Sigman indicated that Trautwein and Triple R wanted to renegotiate the agreement for in-house consumables at a lower price or Trautwein would cause Triple R to breach the Agreements with respect to in-house consumables also.

25. As of July 1, 2015, contrary to the Agreements, Triple R has substantially stopped using IDEXX's reference laboratory services, has failed to meet the purchase levels for reference laboratory services, and has caused its affiliates to do the same.

26. On information and belief, since the Parent Agreement's effective date Triple R acquired at least three other veterinary practices not disclosed to IDEXX. It failed to properly notify IDEXX and cause the newly-acquired practices to enter into an IDEXX Reference Laboratory Preferred Customer Agreement ("Preferred Customer Agreement"), failed to cause the newly-acquired practices to transfer at least 90% of their reference laboratory services to IDEXX, failed to cause the newly-acquired practices to purchase reference laboratory services at the levels required by the Preferred Customer Agreement, and/or failed to cause the newly-acquired practices to purchase in-house consumables at the level required by the Preferred Customer Agreement.

**COUNT I – BREACH OF CONTRACT**

27. Plaintiffs repeat and restate the allegations contained in paragraphs 1 through 26 of this Complaint as if set forth in full.

28. IDEXX and Triple R entered into binding, enforceable Preferred Customer Agreements by which IDEXX agreed to pay substantial up front loyalty payments and acquisition support payments to Triple R and its affiliates, and in fact has made such payments totaling more than \$2.1 million. IDEXX also agreed to provide, and has provided, substantial discounts, in exchange for Triple R's and its affiliates' agreements to exclusively use IDEXX laboratories (at a level of 90%) for their reference laboratory services and to purchase reference laboratory services and in-house consumables at agreed-to levels for a period of seven years.

29. Triple R also agreed to cause any subsequently-acquired affiliate practices to enter into a Preferred Customer Agreement with IDEXX under substantially similar terms.

30. Triple R breached the Agreements by transferring its and its affiliates' reference laboratory business from IDEXX, thereby failing to exclusively use IDEXX for those services and failing to meet its minimum purchasing requirements.

31. Triple R further breached the Agreements by failing to notify IDEXX of each of the veterinary practices it acquired after January 1, 2012 and by failing to cause those practices to enter into Preferred Customer Agreements with IDEXX and by failing to cause those practices to exclusively use IDEXX reference laboratory services and to meet minimum purchasing standards.

32. As a result of Triple R's breach, IDEXX has suffered and continues to suffer substantial harm.

33. All conditions precedent to the maintenance of this action have been met.

WHEREFORE, Plaintiffs IDEXX Laboratories, Inc. and IDEXX Distribution, Inc. request entry of judgment against Defendant Triple R, PLLC for all damages, costs, and attorneys fees, and such other and further relief this Court deems just and reasonable.

Dated: August 11, 2015

/s/ James T. Kilbreth  
James T. Kilbreth

/s/ Adrienne E. Fouts  
Adrienne E. Fouts

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