

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA**

EHS LENS PHILIPPINES, INC.,

Plaintiff,

V.

ESSILOR INTERNATIONAL
(COMPAGNIE GENERALE D'OPTIQUE);
ESSILOR OF AMERICA, INC.; and
ESSILOR LABORATORIES OF
AMERICA, INC.,

Defendants.

Case No. 3:16-cv-563

JURY TRIAL DEMANDED

FIRST AMENDED COMPLAINT

Plaintiff EHS Lens Philippines, Inc. (“EHS”) brings this action for patent infringement against Essilor International (Compagnie Generale d’Optique); Essilor of America, Inc.; and Essilor Laboratories of America, Inc. (collectively “Defendants”), and in support thereof states as follows:

1. Plaintiff EHS hereby alleges that Defendants have infringed and continue to infringe one or more claims of U.S. Patent No. 6,019,470 (“the ‘470 patent”) in violation of 35 U.S.C. § 271. A copy of the ‘470 patent is attached as Exhibit A.

THE PARTIES

2. Plaintiff EHS Lens Philippines, Inc. is a Philippine corporation with its headquarters at Lot 1-A Phase 1-B Sez First, Phil Industrial Park, Tanauan Batangas Philippines.

3. EHS is a wholly-owned subsidiary of HOYA Corporation (“HOYA”), a publicly-listed Japanese corporation with global headquarters at 6-10-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 161-8347, Japan.

4. On information and belief, Defendant Essilor International (Compagnie Generale d’Optique) (“Essilor International”) is a French corporation with its global headquarters at 147, rue de Paris, 94220 Charenton-le-Pont, France. On information and belief, Essilor International is a worldwide manufacturer and distributor of finished and semi-finished corrective prescription optical lenses, including products that infringe the ’470 patent and that are sold in this judicial district by its indirect wholly-owned subsidiaries.

5. On information and belief, Defendant Essilor of America, Inc. (“Essilor USA”) is a wholly-owned subsidiary of Essilor International, organized and existing under the laws of the State of Delaware, with headquarters at 13555 N. Stemmons Freeway, Dallas, Texas 75234. On information and belief, Essilor USA manufactures and distributes prescription optical lenses in the United States under the brands Varilux, Crizal, Xperio UV, Transitions, Optifog, DEFINITY, Airwear, Nikon Eyes, and Kodak, including products that infringe the ’470 patent and that are sold in this judicial district by its wholly-owned subsidiaries.

6. On information and belief, Defendant Essilor Laboratories of America, Inc. (“Essilor Labs”) is a wholly-owned subsidiary of Essilor USA, organized and existing under the laws of the State of North Carolina, with headquarters at 13555 N. Stemmons Freeway, Dallas, Texas 75234. Essilor Labs has over 100 branches across the United States and operates optical laboratories specializing in the production of optical lenses, including products that infringe the ’470 patent and that are sold in this judicial district.

7. On information and belief, Essilor Labs operates a business called Southern Optical Co. - Richmond ("Southern Optical"), located at 10813 Trade Road, Richmond, VA 23236. Essilor Labs, doing business as Southern Optical, manufactures and sells optical lenses, including products that infringe the '470 patent in this judicial district.

8. On information and belief, Essilor Labs operates a business called New City Optical – Virginia Beach ("New City Optical"), located at 5819-A Ward Court, Virginia Beach, VA 23455. Essilor Labs, doing business as New City Optical, manufactures and sells optical lenses, including products that infringe the '470 patent in this judicial district.

9. On information and belief, in addition to wholly-owned branches like Southern Optical and New City Optical, Essilor Labs licenses third party prescription laboratories to manufacture under Essilor's control lenses which are sold under Essilor brands and which are manufactured to Essilor's specifications.

JURISDICTION AND VENUE

10. This is a civil action for patent infringement arising under the patent laws of the United States, including 35 U.S.C. § 271, *et seq.* This Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338.

11. Defendants are subject to personal jurisdiction within this district because they are present in and avail themselves of the laws and benefits of the Commonwealth of Virginia. They regularly conduct substantial business in the Commonwealth, including within this judicial district. Defendants' infringing products are regularly manufactured, distributed, and/or sold in the Commonwealth of Virginia and this judicial district including through Southern Optical and New City Optical. Defendants further place their infringing lenses in the stream of commerce with the intention and knowledge that those infringing lenses will be used in infringements of the

'470 patent in this judicial district. Moreover, Defendants' knowingly induce, encourage, and support infringing activities in this district by third party prescription laboratories that manufacture Essilor lenses. Defendants undertake these efforts with full knowledge of the '470 patent and its applicability to certain of Defendants' products.

12. Venue is proper in this judicial district under 28 U.S.C. §§ 1391 and 1400(b) because, on information and belief, Essilor International, Essilor USA, and Essilor Labs either directly or indirectly operate laboratories such as those doing business under the names of Southern Optical and New City Optical in this district. On information and belief, these Essilor Labs entities engage in infringing activities in this district. Moreover, Defendants have intentionally placed products, or caused others to place products that infringe the '470 patent into the stream of commerce throughout the United States, including in this judicial district, with the knowledge that such products would be offered for sale, sold, and/or used in this judicial district.

BACKGROUND

HOYA Corporation

13. Founded in 1941 in Tokyo, Japan, HOYA is global med-tech company and a leading supplier of innovative high-tech and medical optical products. HOYA is active in the fields of healthcare and information technology, providing eyeglasses, medical endoscopes, intraocular lenses, and optical lenses. HOYA started manufacturing eyeglass lenses in 1962 and contact lenses in 1972. With over 150 offices and subsidiaries worldwide, HOYA currently employs a multinational workforce of over 34,000 people spanning 52 countries. HOYA's subsidiary EHS is engaged in the manufacture of optical lenses and other related products.

14. In April 2012, HOYA and Seiko Epson Corporation ("Seiko Epson") began discussions regarding the transfer of Seiko Epson's eyeglass lens development and

manufacturing business to HOYA. In November 2012, the parties executed an agreement regarding this transaction. As a part of this transaction, Seiko Epson assigned its entire right, title, and interest in and to the '470 patent to HOYA's wholly-owned subsidiary HOYA Lens Manufacturing Philippines Inc., which, in 2015, was renamed EHS Lens Philippines, Inc. ("EHS"). The assignment expressly included the right to pursue damages for past infringements of the '470 patent.

15. On or about July 19, 2011, Seiko Epson personnel conducted a face-to-face meeting with various Essilor representatives in Japan during which the Seiko-Epson personnel informed Essilor of Essilor's need to take a license to certain Seiko Epson patent rights relating to backside progressive lenses, including the '470 patent. Another face-to-face meeting occurred in Japan on or about November 24, 2011. Essilor's need to license the '470 patent was discussed at this meeting, too. A third meeting was held in Japan on December 21, 2011, during which further negotiations related to Essilor's need for a license to the '470 patent took place. No agreement was reached during any of these meetings.

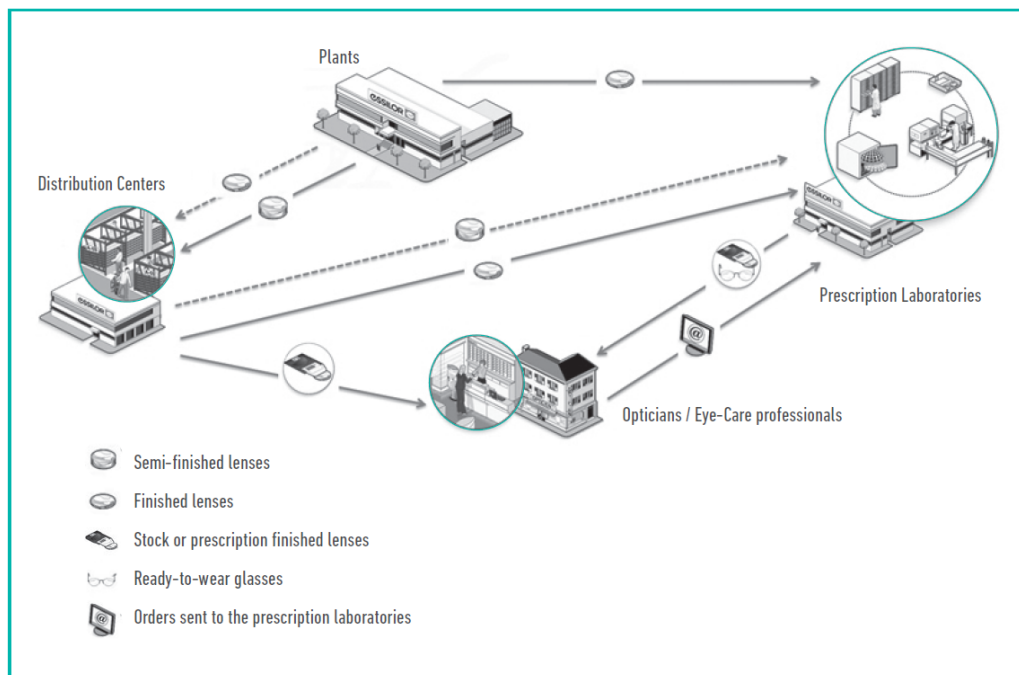
16. On February 13, 2013, Seiko Epson sent a letter to Essilor International about Essilor's continued infringing activities related to the '470 patent, offering to license Essilor under the '470 patent. The letter also referenced the prior discussions held between Seiko Epson and Essilor in 2011 and 2012 regarding the '470 patent. To date, Defendants have refused to license the '470 patent.

Essilor Group

17. On information and belief, "Essilor designs, manufactures and markets a wide range of lenses to improve and protect eyesight [and] also develops and markets equipment for prescription laboratories and instruments and services for eye care professionals." Ex. B (Essilor

International 2014 Registration Document) at 5. “The Group has 33 plants, 490 prescription laboratories, edging facilities and local distribution centers and several research and development centers around the world.” *Id.*

18. On information and belief, with respect to its optical lens business, “Essilor’s business process is designed as a complete network. The Group is involved in every step, from product manufacture to delivery to stores. It has a global network of plants, prescription laboratories, edging centers and distribution centers serving eye-care professionals (optical retailers and chains) worldwide.” *Id.* at 10.



19. On information and belief, in the United States, Essilor operates at least three plants, whose “role is to ensure the secure supply of finished and semi-finished lenses to subsidiaries and direct customers, on-time, per specifications and at the best cost.” *Id.* at 11. In addition, on information and belief, Essilor maintains three distribution centers in the United States, which “take delivery of finished and semi-finished lenses and ship them to distribution subsidiaries, prescription laboratories and edging centers.” *Id.* at 11-12. Finally, on information

and belief, in North America, Essilor operates approximately 169 prescription laboratories, edging facilities, and local distribution centers, many of which are located in the United States.

See id.

20. On information and belief, Essilor's "[p]rescription laboratories" include companies operated by or on behalf of Essilor, such as Southern Optical and New City Optical, and licensed third party laboratories operated under license from Essilor and under Essilor's control. On information and belief, Essilor's prescription laboratories infringe the '470 patent when they "transform semi-finished lenses into custom-made finished lenses." *Id.* at 12.

21. On information and belief, in 2010 and 2011, Essilor acquired two companies that were licensed by Seiko Epson under the '470 patent. These companies are currently subsidiaries of Essilor International and, since being acquired by Essilor, have continued to pay royalties pursuant to the prior license agreements entered into with Seiko Epson.

The Asserted Patent

22. U.S. Patent No. 6,019,470, titled "Progressive Multifocal Lens and Manufacturing Method of Eyeglass Lens and Progressive Multifocal Lens," issued on February 1, 2000. A true and correct copy of the '470 patent is attached hereto as Exhibit A. On March 13, 2014 the United States Patent and Trademark Office concluded a reexamination of all claims of the '470 patent. That proceeding confirmed the patentability of all claims of the '470 patent and resulted in the issuance of new claims 21-26. *See* Ex. A. The '470 patent identifies its assignee as Seiko Epson Corporation ("Seiko Epson").

23. In 2014, HOYA closed its acquisition of Seiko Epson's eyeglass lens development and manufacturing business. After the acquisition, Seiko Epson assigned all right, title, and interest in and to the '470 patent to HOYA Lens Manufacturing Philippines Inc., which,

in 2015, changed its name to EHS Lens Philippines, Inc. (“EHS”). EHS is therefore the owner, by assignment of the entire right, title, and interest in and to the ’470 patent, including the right to recover for past and future infringements.

24. HOYA and Essilor have been in negotiations and litigation concerning foreign counterparts to the ’470 patent (and the ’470 patent itself) for several years.

25. The ’470 patent relates to a progressive multifocal lens for correction of vision, which comprises a distance-vision region and near-vision region having different refractive power. The curvature of the progressive surface for composing the distance-vision region, near-vision region, and progressive region are provided on the surface of the progressive multifocal lens on the side of the eye and thus employs a “backside progressive” lens design. This design is beneficial because users will likely experience a reduction in image jumping and warping due to differences in magnification, which may result in a more comfortable visual field for the user.

Essilor’s Products

26. Upon information and belief, the Defendants have infringed, and continue to infringe, the ’470 patent by at least making, using, offering for sale, and/or selling within the United States, products that practice the inventions claimed in the ’470 patent. The infringing products include (but are not necessarily limited to) the Essilor Ideal® lenses, Varilux® lenses, and DEFINITY® lenses.

27. The Essilor Ideal® products have been described as progressive lens products that incorporate “[f]ull Back Side designing technique and Advanced Digital Surfacing technology.” Similarly, the Varilux® line of lenses are progressive lens products that use backside progressive technology.

28. Furthermore, the Defendants including Essilor International and Essilor USA cause others including eyeglass wearers, optometrists and lens manufacturing facilities to directly infringe at least by making, using, selling, offering to sell, and/or importing the accused lenses in the United States.

29. Defendants have directly infringed and continue to infringe claims of the '470 patent by making, using, offering for sale, and/or selling optical lenses that embody the patented inventions both literally and under the doctrine of equivalents. On information and belief, Defendants will continue their infringing conduct unless enjoined by this Court from further violation.

INFRINGEMENT UNDER 35 U.S.C. § 271(a)

30. EHS re-alleges the above paragraphs 1-29 as if fully set forth herein.

31. The '470 patent is valid and enforceable. The '470 patent has been previously reexamined by the United States Patent and Trademark Office, and had all claims confirmed.

32. Defendants have directly infringed, literally or under the doctrine of equivalents, claims of the '470 patent under 35 U.S.C. § 271(a) by making, using, offering for sale, selling, and/or importing without license or authority, in this district and elsewhere in the United States or importing into the United States products that infringe one or more claims of the '470 patent.

33. For instance, Defendants infringe, without limitation, claim 1 of the '470 patent by making, using, offering for sale, and/or selling Essilor Ideal® progressive lenses and Varilux® progressive lenses. In this Complaint, claim 1 is being provided as exemplary. Further discovery into the methods used by Defendants or their customers and end-users of their products may reveal, for example, that method claim 17 is also being practiced. For the sake of providing a short and plain statement showing Plaintiff is entitled to relief, this Complaint treats

the Ideal® progressive lenses as representative of the various backside progressive designs at issue in this case. Claim 1 of the '470 patent provides:

A progressive multifocal lens capable of correcting a user's vision and having a first major surface and a second major surface, where the first major surface is positioned closest to the user's eye when the progressive multifocal lens is worn by the user, the progressive multifocal lens comprising:

a distance-vision region having a first refractive power;

a near-vision region having a second refractive power; and

a progressive region joining the distance-vision region and the near-vision region and having a refractive power that varies gradually;

wherein the first major surface is a composite surface that comprises a progressive refractive surface comprising the distance-vision region, near-vision region, and progressive region; and

wherein the first major surface includes a surface that corrects astigmatism.

34. The Essilor Ideal® progressive lenses are progressive multifocal lenses, which are capable of correcting a user's vision. The Ideal® lenses have a first major surface and a second major surface, where the first major surface is positioned closest to the user's eye when worn by the user. At least certain Ideal® lenses also include: (1) a distance vision region with a first refractive power (*e.g.*, a power of 1.25 diopters); (2) a near-vision region that has a second refractive power (*e.g.*, an "ADD" power of 1.75 diopters); (3) a progressive region that joins the distance-vision region and the near-vision region and having a refractive power that varies gradually between, *e.g.*, a 1.25 diopter region and a 1.75 diopter region; (4) a major surface that is a composite surface that includes a progressive refractive surface having the claimed regions; and (5) the first major surface includes a surface that corrects astigmatism, *e.g.*, by the addition of a cylinder power of +0.25 with an axis for the application of the cylinder power of 180°.

35. As another exemplary claim that Defendants have infringed and cause others to infringe, claim 2 requires that the “second major surface of the progressive multifocal lens is spherical.” The Ideal® lenses have a second major surface that is spherical.

36. HOYA’s predecessor-in-interest with respect to the ’470 patent gave Defendants actual notice of their infringement of the ’470 patent by at least July 19, 2011.

37. Moreover, Defendants’ infringement has been willful and with reckless disregard for Plaintiff’s rights. On information and belief, Defendants knew about the ’470 patent and their infringement of it even before they were given notice of their infringement. At least two of Essilor International’s current subsidiaries have licenses to the ’470 patent under which royalties are being paid. Essilor International acquired those subsidiaries after they were already licensed to the ’470 patent, and has continued to honor its subsidiaries’ royalty obligation. On information and belief, Defendants have been aware of the ’470 patent since at least April 2, 2010, when Essilor International completed its acquisition of the first of these entities. In addition, HOYA’s predecessor in interest with respect to the ’470 patent, Seiko Epson discussed licensing the ’470 patent to Defendants in 2011 and 2012, and provided written notice to Defendants of the ’470 patent’s applicability to certain of Defendants’ products at least as early as February 18, 2013, when Seiko Epson communicated with Essilor regarding a license to the ’470 patent in conjunction with Seiko Epson’s transitioning of its optical business to HOYA Corporation.

38. Defendants’ continued manufacture, use, importation, offers to sell, and/or sales of their Accused Products, despite their knowledge of the ’470 patent, constitutes at least reckless disregard of the ’470 patent. Defendants acted recklessly by continuing their infringing activities despite a high likelihood that their actions constituted infringement of the ’470 patent

after being contacted about a license by Seiko Epson. Since at least that time period, Defendants knew or should have known that their actions constituted an unjustifiably high risk of infringement. Defendants' infringement of the '470 patent has persisted notwithstanding that two of its subsidiaries are licensees of the '470 patent and have paid royalties to HOYA and Seiko Epson since being acquired by Essilor in 2010. As a result, any infringement after Defendants became aware of the '470 patent has been willful.

39. EHS has suffered and will continue to suffer damages and irreparable injuries unless Defendants' infringement of the '470 patent is enjoined.

INFRINGEMENT UNDER 35 U.S.C. § 271(b)

40. EHS re-alleges the above paragraphs 1-39 as if fully set forth herein.

41. Defendants have infringed the '470 patent under 35 U.S.C. § 271(b) by actively inducing others including laboratories, optometrists, and eyeglass wearers to engage in direct infringement with knowledge and intent to induce the specific infringing acts and to cause infringement.

42. On information and belief, Essilor International and Essilor USA have induced manufacturers of optical lenses, including Essilor Labs entities such as Southern Optical and New City Optical, to manufacture lenses that directly infringe claims of the '470 patent. Moreover, each entity has caused optometrists and eyeglass wearers to directly infringe by selling, offering to sell, and/or using infringing lenses. The use, manufacture, sale, and offer to sell infringing lenses occurs with the intent, knowledge, and encouragement of Essilor International and Essilor USA. By way of example only, on information and belief, Essilor International and Essilor USA actively induce direct infringement of the '470 patent by providing designs, materials, technical specifications, manuals, equipment, and/or other materials

necessary for the manufacture and/or use of Defendants' infringing products. Ex. B at 9-13. Moreover Defendants encourage optometrists to prescribe infringing lenses by advertising the benefits of using the infringing technologies, thereby actively encouraging direct infringements by the optometrists and, ultimately, the product end-users. As set forth above, Defendants have had knowledge that their aforementioned specific acts of inducement constituted infringement.

43. EHS has suffered and will continue to suffer damages and irreparable injuries unless Defendants' infringement of the '470 patent is enjoined.

CLAIM III: INFRINGEMENT UNDER 35 U.S.C. § 271(c)

44. EHS re-alleges the above paragraphs 1-39 as if fully set forth herein.

45. Defendants have contributed to the infringement of the '470 patent under 35 U.S.C. § 271(c).

46. On information and belief, Defendants contribute to infringement of the '470 patent by selling, offering for sale, using, and/or importing into the United States and this judicial district semi-finished lenses with knowledge that such products, when finished, infringe the '470 patent. In addition, on information and belief, Defendants had knowledge that semi-finished lenses are especially made or adapted for infringing the '470 patent and are not staple articles of commerce suitable for substantial non-infringing uses. *See* Ex. B at 12 (explaining that prescription laboratories operated by Essilor Labs such as Southern Optical and New City Optical "transform semi-finished lenses into custom-made finished lenses").

PRAYER FOR RELIEF

WHEREFORE, Plaintiff EHS respectfully requests that this Court enter judgment in its favor and against Defendants and grant the following relief:

- A. A judgment that Defendants have directly and indirectly infringed the '470 patent in violation of 35 U.S.C. § 271;
- B. A judgment that Defendants' infringement of the '470 patent has been willful;
- C. An order, pursuant to 35 U.S.C. § 283, enjoining Defendants from any further infringement of the '470 patent;
- D. An order, pursuant to 35 U.S.C. § 284, awarding EHS damages adequate to compensate for Defendants' infringement of the '470 patent;
- E. An order, pursuant to 35 U.S.C. § 284, trebling all damages awarded to EHS based on Defendants' willful infringement of the '470 patent;
- F. An order, pursuant to 28 U.S.C. § 1961 and 35 U.S.C. § 284, awarding EHS interest on the damages and its costs incurred from this action;
- G. A declaration that this case is exceptional and an award of EHS's attorneys' fees and costs in bringing this action, pursuant to 35 U.S.C. § 285;
- H. An order directing Defendants to recall from distribution and destroy their entire stock of infringing products within the United States; and
- I. Any other and further relief as the Court may deem just and proper.

JURY DEMAND

In accordance with Fed. R. Civ. P. 38 and 39, EHS asserts its rights under the Seventh Amendment to the U.S. Constitution and demands a trial by jury on all issues that may be so tried.

Dated: August 11, 2016

By: /s/ Andrew R. Sommer

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