

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

FHE USA LLC,

Plaintiff,

v.

LEE SPECIALTIES INC.,

Defendant.

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Case No.: 5:18-cv-00715-ADA

DEMAND FOR JURY TRIAL

SECOND AMENDED COMPLAINT FOR PATENT INFRINGEMENT

Plaintiff FHE USA LLC ("FHE"), by and through its undersigned counsel, brings this Second Amended Complaint for patent infringement against Defendant Lee Specialties Inc. ("Lee"), and in support thereof alleges as follows, upon personal knowledge as to itself and upon information and belief as to all others:

NATURE OF ACTION

1. This action seeks legal and equitable relief against Lee's unlawful infringement of FHE's United States Patent Nos. 9,879,496, 10,030,461, and 10,309,180 generally relating to high pressure seals for wellhead pressure control fittings.

PARTIES

2. Plaintiff FHE is a Delaware limited liability company with its principal place of business at 1597 Cipolla Road, Fruita, CO 81521. FHE also has facilities in San Antonio, TX, Marietta, OH, and Yukon, OK. FHE is the owner of the patents at issue in the instant action.

3. Upon information and belief, Defendant Lee is a Canadian corporation with its principal place of business at 27312-68 Twp Road 394, Aspelund Industrial Park, Blackfalds,

AB Canada TOM OJO, as well as a sales and rentals office at 2610 I-20 Frontage, Midland, TX 79701. Upon information and belief, Lee has at times operated in the U.S. under the names Quinn's Production Services Inc. and Quinn's Rental Services (USA), LLC.

JURISDICTION AND VENUE

4. This is a civil action for patent infringement pursuant to 35 U.S.C. § 271.

5. This Court has subject matter jurisdiction in this action under 28 U.S.C. §§ 1331 and 1338(a) and 35 U.S.C. § 281 because this is a matter arising under the United States patent statutes, 35 U.S.C. § 1 *et seq.*

6. This Court has personal jurisdiction over Lee because it resides and conducts business in the State of Texas. Upon information and belief, Lee has established minimum contacts with this forum such that the exercise of jurisdiction over Lee will not offend traditional notions of fair play and substantial justice. Upon information and belief, Lee is headquartered in Blackfalds, AB Canada; maintains a facility in Midland, Texas; and transacts business in the State of Texas. In addition, upon information and belief, Lee has committed substantial acts of infringement giving rise to this action and regularly conducts business within this judicial district.

7. Venue is proper in this District pursuant to 28 U.S.C. §§ 1391 and 1400(b) because Lee: is subject to personal jurisdiction in this District; maintains a place of business in this District; regularly conducts business in this District; and committed and continues to commit acts of patent infringement in this District.

FACTS GIVING RISE TO THE ACTION

8. FHE is a leading manufacturer of pressure control equipment for the oil and gas industry. FHE designs, manufactures, and services customized pressure control equipment, grease injection systems, perforating products, lube trailers, and wireline sheaves and

accessories. Originally known as Frank Henry Equipment USA, FHE has been an innovator in the oil and gas service industry since the company's founding in 2007. FHE began as a small company of five employees, and has grown into a leader in the industry, with four U.S. locations employing 131 people. FHE has twice been ranked on Inc. magazine's "Inc. 5000" ranking of the nation's fastest-growing private companies.

9. Among other areas of work, FHE creates solutions to address the dangerous conditions faced by wellhead operators when manually connecting or disconnecting pressure control equipment. Operators in this field traditionally were required to engage and disengage wellhead connections manually. This procedure left operators vulnerable to significant harm, such as collision with suspended equipment or crushed extremities.

10. In order to protect workers from the hazards of wellhead site injury, FHE expended substantial time and resources inventing an assembly that reduces the risk of injury to the operator and still retains a high pressure seal. This technology not only improves the safety of wellhead operations, but also provides efficiency gains by speeding up the process of wellhead connection and disconnection. FHE has diligently protected its wellhead connection technology with a suite of issued patents and pending patent applications, including U.S. Patent Nos. 9,879,496 ("the '496 patent"), 10,030,461 ("the '461 patent"), and 10,309,180 ("the '180 patent"). These patents cover mechanisms by which pressure control equipment may be remotely connected to wellhead machinery.

11. FHE's marquee pressure control product is the RigLock®. The RigLock® employs FHE's patented innovative design to quickly secure tools and equipment to the wellhead, improving the safety and efficiency of wellhead operations.



12. FHE introduced the RigLock® in 2016, and it became an instant commercial success. The RigLock® has been a significant contributor to FHE's growth and success.



https://www.gjsentinel.com/news/business/under-pressure-due-to-a-dip-in-the-oil-and/article_33ee4b1c-3aed-11e8-a1b8-10604b9ffe60.html

13. However, following the success of RigLock® in the market, Lee began to market a competing product, the Lee Posi Lock, depicted below. Upon information and belief, the Lee Posi Lock infringes the '496, '461, and '180 patents.



14. On May 31, 2018, FHE sent a letter to Mr. Vince Kozak, General Manager of Lee, notifying Lee of the '496 patent and the potential for infringement by the Lee Posi Lock. Upon information and belief, on June 14, 2018, Lee held an open house at its facility in Blackfalds, Alberta, to showcase the Lee Posi Lock.

15. On July 13, 2018, FHE sent a second letter to Mr. Kozak notifying Lee of the original Complaint in this action, as well as the pending issuance of the '461 patent and the potential for infringement by the Lee Posi Lock.

16. On April 17, 2019, FHE sent a third letter to counsel for Lee, notifying Lee of the pending issuance of the '180 patent and the potential for infringement by the Lee Posi Lock.

17. Due to the extensive labor and assets that are devoted to the production of each individual RigLock® product, each sale that FHE loses to an infringing Lee product is a significant harm to FHE. Moreover, FHE has invested significant resources in expanding to meet the demand for its patent-protected niche of the market. Lee's theft of a portion of those sales threatens to warp the market for these products, and to harm FHE's reputation as the leader in remote pressure control technology.

FIRST CLAIM FOR RELIEF
(Infringement of U.S. Patent No. 9,879,496)

18. FHE incorporates by reference the allegations in the preceding paragraphs of this Amended Complaint.

19. FHE is the assignee of the '496 patent, entitled "Remotely-Actuated High Pressure Seals for Wellhead Pressure Control Fittings." The '496 patent was duly and legally issued by the United States Patent and Trademark Office on January 30, 2018. A copy of the '496 patent is attached hereto as Exhibit A.

20. Upon information and belief, Lee has infringed and continues to infringe at least claims 10, 11, 15, and 16 of the '496 patent either literally or under the Doctrine of Equivalents in violation of 35 U.S.C. § 271 by making, using, selling, offering to sell, or importing into the United States its Lee Posi Lock.

21. Upon information and belief, each and every element of claims 10, 11, 15, and 16 of the '496 patent is present in the Lee Posi Lock. Upon information and belief, the Lee Posi Lock employs a pressure control assembly that connects, via remote actuation, with an adapter through the formation of a pressure seal and the locking action of a constricting wedge assembly.

22. As a result of Lee's infringement of the '496 patent, FHE has suffered monetary damages and is entitled to a money judgment in an amount adequate to compensate for Lee's

infringement, but in no event less than a reasonable royalty and/or lost profits to which FHE would have been entitled but for the use made of the invention by Lee.

23. Upon information and belief, Lee's infringement has been willful.

24. FHE has suffered and will continue to suffer damages and irreparable injuries unless Lee's infringement of the '496 patent is enjoined.

SECOND CLAIM FOR RELIEF
(Infringement of U.S. Patent No. 10,030,461)

25. FHE incorporates by reference the allegations in the preceding paragraphs of this Amended Complaint.

26. FHE is the assignee of the '461 patent, entitled "Constricting Wedge Design for Pressure-Retaining Seal." The '461 patent was duly and legally issued by the United States Patent and Trademark Office on July 24, 2018. A copy of the '461 patent is attached hereto as Exhibit B.

27. Upon information and belief, Lee has infringed and continues to infringe claims 1-10 of the '461 patent either literally or under the Doctrine of Equivalents in violation of 35 U.S.C. § 271 by making, using, selling, offering to sell, or importing into the United States its Lee Posi Lock.

28. Upon information and belief, each and every element of claims 1-10 of the '461 patent is present in the Lee Posi Lock. Upon information and belief, the Lee Posi Lock employs a pressure control assembly that connects, via remote actuation, with an adapter through the formation of a pressure seal and the locking action of a constricting wedge assembly.

29. As a result of Lee's infringement of the '461 patent, FHE has suffered monetary damages and is entitled to a money judgment in an amount adequate to compensate for Lee's

infringement, but in no event less than a reasonable royalty and/or lost profits to which FHE would have been entitled but for the use made of the invention by Lee.

30. Upon information and belief, Lee's infringement has been willful.

31. FHE has suffered and will continue to suffer damages and irreparable injuries unless Lee's infringement of the '461 patent is enjoined.

THIRD CLAIM FOR RELIEF
(Infringement of U.S. Patent No. 10,309,180)

32. FHE incorporates by reference the allegations in the preceding paragraphs of this Amended Complaint.

33. FHE is the assignee of the '180 patent, entitled "Translocating Wedge Design for Pressure-Retaining Seal." The '180 patent was duly and legally issued by the United States Patent and Trademark Office on June 4, 2019. A copy of the '180 patent is attached hereto as Exhibit C.

34. Upon information and belief, Lee has infringed and continues to infringe claims 1-22 of the '180 patent either literally or under the Doctrine of Equivalents in violation of 35 U.S.C. § 271 by making, using, selling, offering to sell, or importing into the United States its Lee Posi Lock.

35. Upon information and belief, each and every element of claims 1-22 of the '180 patent is present in the Lee Posi Lock. Upon information and belief, the Lee Posi Lock employs a pressure retaining seal assembly that connects with an adapter through the formation of a pressure seal and the locking action of a translocating wedge assembly.

36. As a result of Lee's infringement of the '180 patent, FHE has suffered monetary damages and is entitled to a money judgment in an amount adequate to compensate for Lee's

infringement, but in no event less than a reasonable royalty and/or lost profits to which FHE would have been entitled but for the use made of the invention by Lee.

37. Upon information and belief, Lee's infringement has been willful.

38. FHE has suffered and will continue to suffer damages and irreparable injuries unless Lee's infringement of the '180 patent is enjoined.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff FHE respectfully requests the following relief:

1. Judgment entered in favor of FHE and against Lee for infringement of the '496, '461, and '180 patents, and awarding FHE damages adequate to compensate it for such infringement.

2. An order preliminarily enjoining Lee from making, using, selling, or offering for sale the claimed subject matter of the '496, '461, and '180 patents.

3. An order permanently enjoining Lee from making, using, selling, or offering for sale the claimed subject matter of the '496, '461, and '180 patents, or such other equitable relief the Court deems warranted.

4. A judgment and order requiring Lee to pay to FHE its damages, costs, expenses, and prejudgment and post-judgment interest for Lee's infringement of the '496, '461, and '180 patents as provided under 35 U.S.C. §§ 154 and 284, and an accounting of ongoing post-judgment infringement.

5. Any and all other relief, at law or equity, to which FHE may show itself to be entitled and this Court deems just and proper.

DEMAND FOR JURY TRIAL

FHE, pursuant to Rule 38 of the Federal Rules of Civil Procedure and Local Rule 38.1, requests a trial by jury.

Dated: June 21, 2019

Respectfully submitted,

/s/ William Hulse IV

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Attorneys for Plaintiff
FHE USA LLC

CERTIFICATE OF SERVICE

I, William Hulse IV, an attorney, certify that on June 21, 2019, I caused a copy of the foregoing **SECOND AMENDED COMPLAINT** to be served on Lee Specialties Inc., using the CM/ECF system, which shall send notification of such filing to all counsel of record.

/s/ William Hulse IV

WILLIAM HULSE IV

State Bar No. 24010118