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10 **UNITED STATES DISTRICT COURT**
11 **SOUTHERN DISTRICT OF CALIFORNIA**
12

13
14 e.Digital Corporation,
15 Plaintiff,
16 v.
17 Eye-Fi, Inc.,
18 Defendant.

Case No. 3:13-cv-2899-H-BGS

**FIRST AMENDED COMPLAINT
FOR PATENT INFRINGEMENT**

DEMAND FOR JURY TRIAL

**Assigned to the Honorable
Judge Marilyn L. Huff**

Courtroom 15A (Annex)

19
20 Plaintiff e.Digital Corporation (“e.Digital” or “Plaintiff”), by and through its
21 undersigned counsel, complains and alleges against Defendant Eye-Fi, Inc. (“Eye-
22 Fi” or “Defendant”) as follows:

23 **NATURE OF THE ACTION**

24 1. This is a civil action for infringement of a patent arising under the
25 laws of the United States relating to patents, 35 U.S.C. § 101, *et seq.*, including,
26 without limitation, 35 U.S.C. §§ 271, 281. Plaintiff e.Digital seeks a preliminary
27 and permanent injunction and monetary damages for the infringement of its U.S.
28

1 Patent No. 5,839,108.

2 **JURISDICTION AND VENUE**

3 2. This court has subject matter jurisdiction over this case for patent
4 infringement under 28 U.S.C. §§ 1331 and 1338(a) and pursuant to the patent laws
5 of the United States of America, 35 U.S.C. § 101, *et seq.*

6 3. Venue properly lies within the Southern District of California
7 pursuant to the provisions of 28 U.S.C. §§ 1391(b), (c), and (d) and 1400(b). On
8 information and belief, Defendant conducts substantial business directly and/or
9 through third parties or agents in this judicial district by selling and/or offering to
10 sell the infringing products and/or by conducting other business in this judicial
11 district. Furthermore, Plaintiff e.Digital is headquartered and has its principal
12 place of business in this district, engages in business in this district, and has been
13 harmed by Defendant's conduct, business transactions and sales in this district.

14 4. This Court has personal jurisdiction over Defendant because, on
15 information and belief, Defendant transacts continuous and systematic business
16 within the State of California and the Southern District of California. In addition,
17 this Court has personal jurisdiction over the Defendant because, on information
18 and belief, this lawsuit arises out of Defendant's infringing activities, including,
19 without limitation, the making, using, selling and/or offering to sell infringing
20 products in the State of California and the Southern District of California. Finally,
21 this Court has personal jurisdiction over Defendant because, on information and
22 belief, Defendant has made, used, sold and/or offered for sale its infringing
23 products and placed such infringing products in the stream of interstate commerce
24 with the expectation that such infringing products would be made, used, sold
25 and/or offered for sale within the State of California and the Southern District of
26 California.

27 5. Upon information and belief, certain of the products manufactured by
28 Defendant have been and/or are currently sold and/or offered for sale at, among

1 other places, the Eye-Fi online store website located at <http://www.eye.fi/buy-now>
2 to consumers including, but not limited to, consumers located within the State of
3 California.

4 **PARTIES**

5 6. Plaintiff e.Digital is a Delaware corporation with its headquarters and
6 principal place of business at 16870 West Bernardo Drive, Suite 120, San Diego,
7 California 92127.

8 7. Upon information and belief, Defendant Eye-Fi, Inc. is a corporation
9 registered and lawfully existing under the laws of the State of California, with an
10 office and principal place of business located at 967 North Shoreline Blvd,
11 Mountain View, CA 94043.

12 **THE ASSERTED PATENT**

13 8. On November 17, 1998, the United States Patent and Trademark
14 Office duly and legally issued United States Patent No. 5,839,108 (“the ’108
15 patent”) entitled “Flash Memory File System In A Handheld Record And Playback
16 Device,” to its named inventors Norbert P. Daberko and Richard K. Davis.
17 Plaintiff e.Digital is the assignee and owner of the entire right, title and interest in
18 and to the ’108 patent and has the right to bring this suit for damages and other
19 relief. A true and correct copy of the ’108 patent is attached hereto as Exhibit A.

20 **COUNT ONE**

21 **INFRINGEMENT OF THE ’108 PATENT BY DEFENDANT**

22 9. Plaintiff re-alleges and incorporates by reference each of the
23 allegations set forth in paragraphs 1 through 8 above.

24 10. The accused products include but are not limited to Eye-Fi’s Flash
25 Memory Storage products including but not limited to its USB, SSD, SD,
26 microSD, and/or Compact Flash products. The primary and substantial purpose of
27 the accused products is to write to and store data in electronic format in non-
28 volatile flash memory.

1 11. Eye-Fi has directly and indirectly infringed and is directly and
2 indirectly infringing Claim 1 of the '108 patent in violation of 35 U.S.C. § 271, *et*
3 *seq.*, by making, using, offering for sale, selling in the United States and/or
4 importing into the United States without authority, the accused products identified
5 above. Claim 1 of the '108 patent teaches a method of memory management for a
6 non-volatile storage medium. In general, the method comprises several steps,
7 which generally involves, without limitation, writing electronic data segments from
8 volatile, temporary memory to a non-volatile, long-term storage medium by
9 linking data segments according to a number of specified steps.

10 12. Plaintiff alleges that at least as of the date of the filing of the
11 originally filed complaint in this matter, if not sooner, Eye-Fi knew or should have
12 known of the existence of Claim 1 of the '108 patent and the fact that the accused
13 products infringe said Claim 1.

14 13. Plaintiff alleges that Eye-Fi sold, sells, offers to sell, ships, or
15 otherwise delivers the accused products to customers or end-users with all the
16 features required to infringe Claim 1 of the '108 patent. Upon information and
17 belief, Eye-Fi knows that the accused products infringe Claim 1 of the '108 patent
18 and intends to induce third parties to include its customers and end-users to also
19 infringe Claim 1 of the '108 patent.

20 14. Upon information and belief, the accused products, alone or in
21 combination with other products, directly or, alternatively, under the doctrine of
22 equivalents practice each of the limitations of independent Claim 1 of the '108
23 patent when they are used for their normal and intended purpose of writing to and
24 storing electronic data on non-volatile memory. Thus, Eye-Fi directly infringes
25 Claim 1 of the '108 patent in violation of 35 U.S.C. § 271(a) when it demonstrates,
26 tests or otherwise uses the accused products in the United States.

27 15. By way of example, Eye-Fi's demonstration and How-To videos,
28 posted by Eye-Fi on Eye-Fi's website(s) or other public websites, show Eye-Fi

1 and/or its authorized agents or employees migrating or transferring data from the
2 memory of one or more devices to one or more of the accused products. An
3 example can be found on Eye-Fi's website at <http://www.eye.fi/products/prox2>
4 and/or on Eye-Fi's YouTube channel at
5 <https://www.youtube.com/watch?v=NR6t1dfPVdc&list=PLAE06E0B2D3598007>.
6 Such conduct evidences Eye-Fi's act of direct infringement of Claim 1 of the '108
7 patent.

8 16. Plaintiff alleges on information and belief that Eye-Fi uses, makes,
9 sells, offers to sell and/or imports the accused products knowing that they will be
10 used by its customers and end-users for writing and storing electronic data to non-
11 volatile memory utilizing the steps described in Claim 1 of the '108 patent. Eye-
12 Fi's product literature, materials and instructional videos advertise and encourage
13 customers to use the accused product(s) to store electronic data in the accused
14 products, which utilize the methods of memory management taught by Claim 1 of
15 the '108 patent and in a manner it knows infringes Claim 1 of the '108 patent.

16 17. Eye-Fi also provides operating manuals, user or installation guides,
17 instructional/informational "how-to" videos, and "How can we help you?" help
18 answers on its website that instruct customers and end-users on how to connect the
19 accused products and use them as non-volatile storage devices for electronic data.
20 Among other things, Eye-Fi's informational materials lay out step-by-step
21 instructions on how to write data into the memory of the accused products – a
22 process that utilizes the method disclosed in Claim 1 of the '108 patent and which
23 Eye-Fi knows (at the least as of the filing of the original complaint if not sooner)
24 infringes the method taught in Claim 1 of the '108 patent. Plaintiff believes that
25 Eye-Fi directs consumers and end-users to consult and utilize such instructional
26 videos and other informational material.

27 18. Plaintiff believes and thereupon alleges that Eye-Fi is aware that its
28 customers and end-users are using the accused products in an infringing manner

1 based on, among other things: 1) the discussions, questions, answers, and/or
2 comments posted on its Facebook and/or Twitter website pages where Eye-Fi's
3 authorized agents, customers and/or end-users discuss and disclose the use of the
4 accused products for non-volatile electronic data storage, a process which Eye-Fi
5 knows infringes upon Claim 1 of the '108 patent; and/or, 2) the fact that Eye-Fi
6 encourages its customers and end-users to use the accused products in an
7 infringing manner as set forth in the preceding Paragraphs.

8 19. As alleged above, incorporated herewith, and based upon information
9 and belief, Plaintiff alleges that since at least from the date of the filing of the
10 original complaint, Eye-Fi, has without authority induced and continues to induce
11 infringement of the '108 patent in violation of 35 U.S.C. § 271(b) inasmuch as:

- 12 a. The accused products infringe Claim 1 during their normal use by
13 Eye-Fi's customers and/or end-users;
- 14 b. Eye-Fi has known and has been continuously aware of the '108
15 patent since at least the filing of the original complaint in this
16 action, if not sooner;
- 17 c. Eye-Fi has acted in a manner that encourages and continues to
18 encourage others to infringe Claim 1 of the '108 patent by, among
19 other things, intentionally instructing and/or encouraging
20 customers and end-users to use the accused products in a manner
21 that Eye-Fi knows or should have known would cause them to
22 infringe the '108 patent;
- 23 d. Eye-Fi sells, distributes, and supplies the accused products to
24 customers and end-users with the intent that the products be used
25 in an infringing manner;
- 26 e. Eye-Fi provides operating manuals, installation guides,
27 instructional videos, webcasts, or other instructional material
28 designed to instruct customers and end-users to use the products

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in an infringing manner; and,

f. Eye-Fi advertises, markets, and promotes the use of the accused products in an infringing manner.

20. As alleged above, incorporated herewith, and based upon information and belief, Plaintiff alleges that since at least from the date of the filing of the original complaint, Eye-Fi has contributed and continues to contribute to the infringement of Claim 1 of the '108 patent in violation of 35 U.S.C. § 271(c) inasmuch as:

- a. The accused products infringe Claim 1 of the '108 patent during the normal use of the accused products by Eye-Fi's customers and/or end-users;
- b. Eye-Fi has known and has been continuously aware of the '108 patent since at least the filing of the original complaint in this action, if not sooner;
- c. Eye-Fi imports into the United States, sells and/or offers to sell within the United States products that (a) practice the method of memory management of Claim 1 of the '108 patent; and, (b) Eye-Fi knows that the same constitute material infringing component(s) of the accused products, which were made and/or especially adapted for use in the accused products;
- d. The memory management component(s) and methods of the accused products are not staple articles of commerce suitable for substantial non-infringing use with respect to the '108 patent; and,
- e. Eye-Fi sells, has sold, and/or has supplied the accused products knowing of Plaintiff's '108 patent and knowing that the accused products incorporate Plaintiff's patented method and/or were specially adapted for use in a way which infringes the '108 patent.

21. As alleged above, Plaintiff alleges that Eye-Fi had notice of the '108

1 patent and knowledge of infringement of Claim 1 of the '108 patent since at least
2 the filing of the original complaint in this matter, if not sooner. Eye-Fi has and
3 continues to sell products that practice the '108 patent after acquiring knowledge
4 of infringement.

5 **PRAYER FOR RELIEF**

6 WHEREFORE, Plaintiff prays for relief and judgment as follows:

- 7 1. That Defendant be declared to have infringed the Patent-in-Suit;
- 8 2. That Defendant, Defendant's officers, agents, servants, employees,
9 and attorneys, and those persons in active concert or participation with them, be
10 preliminarily and permanently enjoined from infringement of the Patent-in-Suit,
11 including but not limited to any making, using, offering for sale, selling, or
12 importing of unlicensed infringing products within and without the United States;
- 13 3. Compensation for all damages caused by Defendant's infringement of
14 the Patent-in-Suit to be determined at trial;
- 15 4. A finding that this case is exceptional and an award of reasonable
16 attorneys fees pursuant to 35 U.S.C. § 285;
- 17 5. Granting Plaintiff pre-and post-judgment interest on its damages,
18 together with all costs and expenses; and,
- 19 6. Awarding such other relief as this Court may deem just and proper.

20 **HANDAL & ASSOCIATES**

21 Dated: March 28, 2014

22 By: /s/Pamela C. Chalk
23 Anton N. Handal
24 Pamela C. Chalk
25 Gabriel G. Hedrick
26 Attorneys for Plaintiff
27 e.Digital Corporation

DEMAND FOR JURY TRIAL

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Plaintiff hereby demands a trial by jury on all claims.

HANDAL & ASSOCIATES

Dated: March 28, 2014

By: /s/Pamela C. Chalk
Anton N. Handal
Pamela C. Chalk
Gabriel G. Hedrick
Attorneys for Plaintiff
e.Digital Corporation

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing document has been served on this date to all counsel of record, if any to date, who are deemed to have consented to electronic service via the Court’s CM/ECF system per CivLR 5.4(d). Any other counsel of record will be served by electronic mail, facsimile and/or overnight delivery upon their appearance in this matter.

I declare under penalty of perjury of the laws of the United States that the foregoing is true and correct. Executed this 28th day of March, 2014 at San Diego, California.

HANDAL & ASSOCIATES

Dated: March 28, 2014

By: /s/Pamela C. Chalk
Anton N. Handal
Pamela C. Chalk
Gabriel G. Hedrick
Attorneys for Plaintiff
e.Digital Corporation