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14 **UNITED STATES DISTRICT COURT**
15 **SOUTHERN DISTRICT OF CALIFORNIA**

16 e.Digital Corporation,
17 Plaintiff,
18 v.
19 Transcend Information, Inc.,
20 Defendant.

21 Case No. 3:13-cv-2941-H-BGS
22 **FIRST AMENDED COMPLAINT**
23 **FOR PATENT INFRINGEMENT**
24 **DEMAND FOR JURY TRIAL**
25 **Assigned to the Honorable**
26 **Judge Marilyn L. Huff**
27 **Courtroom 15A (Annex)**

28 Plaintiff e.Digital Corporation (“e.Digital” or “Plaintiff”), by and through its undersigned counsel, complains and alleges against Defendant Transcend, Inc. (“Transcend” or “Defendant”) as follows:

NATURE OF THE ACTION

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

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 Transcend have been and/or are currently sold and/or offered for sale at, among

1 other places, the Amazon.com website located at <http://www.amazon.com> to
2 consumers including, but not limited to, consumers located within the State of
3 California.

4 6. Upon information and belief, certain of the products manufactured by
5 Transcend have been and/or are currently sold and/or offered for sale at, among
6 other places, the Best Buy store located at, among other places, 5151 Mission
7 Center Road San Diego, CA 92108 and/or the Best Buy website located at
8 <http://www.bestbuy.com>.

9 PARTIES

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

13 8. Upon information and belief, Defendant Transcend is a corporation
14 registered and lawfully existing under the laws of the State of California, with an
15 office and principal place of business located at 1645 N. Brian Street, Orange, CA
16 92867.

17 THE ASSERTED PATENT

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

25 COUNT ONE

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

27 10. Plaintiff re-alleges and incorporates by reference each of the
28 allegations set forth in paragraphs 1 through 9 above.

1 11. The accused products include but are not limited to Transcend's Flash
2 Memory Storage products including but not limited to its USB, SSD, SD,
3 microSD, and/or Compact Flash products. The primary and substantial purpose of
4 the accused products is to write to and store data in electronic format in non-
5 volatile flash memory.

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

15 13. Plaintiff alleges that at least as of the date of the filing of the
16 originally filed complaint in this matter, if not sooner, Transcend knew or should
17 have known of the existence of Claim 1 of the '108 patent and the fact that the
18 accused products infringe said Claim 1.

19 14. Plaintiff alleges that Transcend sold, sells, offers to sell, ships, or
20 otherwise delivers the accused products to customers or end-users with all the
21 features required to infringe Claim 1 of the '108 patent. Upon information and
22 belief, Transcend knows that the accused products infringe Claim 1 of the '108
23 patent and intends to induce third parties to include its customers and end-users to
24 also infringe Claim 1 of the '108 patent.

25 15. Upon information and belief, the accused products, alone or in
26 combination with other products, directly or, alternatively, under the doctrine of
27 equivalents practice each of the limitations of independent Claim 1 of the '108
28 patent when they are used for their normal and intended purpose of writing to and

1 storing electronic data on non-volatile memory. Thus, Transcend directly infringes
2 Claim 1 of the '108 patent in violation of 35 U.S.C. § 271(a) when it demonstrates,
3 tests or otherwise uses the accused products in the United States.

4 16. By way of example, Transcend's demonstrations, information, and/or
5 How-To videos, posted by Transcend on Transcend's website(s) or other public
6 websites, show Transcend and/or its authorized agents or employees migrating or
7 transferring data from the memory of one or more devices to one or more of the
8 accused products. An example can be found on Transcend's YouTube channel
9 website at <https://www.youtube.com/embed/IayLJHUZToY?rel=0> and/or
10 <https://www.youtube.com/watch?v=yEwHQU8MLnQ&feature=youtu.be>. Such
11 conduct evidences Transcend's act of direct infringement of Claim 1 of the '108
12 patent.

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

22 18. Transcend also provides operating manuals, user or installation
23 guides, instructional/informational "how-to" videos, and "FAQ's help
24 answers/information on its website that instruct customers and end-users on how to
25 connect the accused products and use them as non-volatile storage devices for
26 electronic data. Among other things, Transcend's informational materials lay out
27 step-by-step instructions on how to write data into the memory of the accused
28 products – a process that utilizes the method disclosed in Claim 1 of the '108

1 patent and which Transcend knows (at the least as of the filing of the original
2 complaint if not sooner) infringes the method taught in Claim 1 of the '108 patent.
3 Plaintiff believes that Transcend directs consumers and end-users to consult and
4 utilize such instructional videos and other informational material.

5 19. Plaintiff believes and thereupon alleges that Transcend is aware that
6 its customers and end-users are using the accused products in an infringing manner
7 based on, among other things: 1) the discussions, questions, answers, and/or
8 comments posted on its Facebook and/or Twitter website pages where Transcend's
9 authorized agents, customers and/or end-users discuss and disclose the use of the
10 accused products for non-volatile electronic data storage, a process which
11 Transcend knows infringes upon Claim 1 of the '108 patent; and/or, 2) the fact that
12 Transcend encourages its customers and end-users to use the accused products in
13 an infringing manner as set forth in the preceding Paragraphs.

14 20. As alleged above, incorporated herewith, and based upon information
15 and belief, Plaintiff alleges that since at least from the date of the filing of the
16 original complaint, Transcend, has without authority induced and continues to
17 induce infringement of the '108 patent in violation of 35 U.S.C. § 271(b) inasmuch
18 as:

- 19 a. The accused products infringe Claim 1 during their normal use by
20 Transcend's customers and/or end-users;
- 21 b. Transcend has known and has been continuously aware of the
22 '108 patent since at least the filing of the original complaint in this
23 action, if not sooner;
- 24 c. Transcend has acted in a manner that encourages and continues to
25 encourage others to infringe Claim 1 of the '108 patent by, among
26 other things, intentionally instructing and/or encouraging
27 customers and end-users to use the accused products in a manner
28 that Transcend knows or should have known would cause them to

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infringe the '108 patent;

- d. Transcend sells, distributes, and supplies the accused products to customers and end-users with the intent that the products be used in an infringing manner;
- e. Transcend provides operating manuals, installation guides, instructional videos, webcasts, or other instructional material designed to instruct customers and end-users to use the products in an infringing manner; and,
- f. Transcend advertises, markets, and promotes the use of the accused products in an infringing manner.

21. 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, Transcend 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 Transcend's customers and/or end-users;
- b. Transcend 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. Transcend 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) Transcend 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

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accused products are not staple articles of commerce suitable for substantial non-infringing use with respect to the '108 patent; and, e. Transcend 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.

22. As alleged above, Plaintiff alleges that Transcend had notice of the '108 patent and knowledge of infringement of Claim 1 of the '108 patent since at least the filing of the original complaint in this matter, if not sooner. Transcend has and continues to sell products that practice the '108 patent after acquiring knowledge of infringement.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment as follows:

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

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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

DEMAND FOR JURY TRIAL

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Plaintiff hereby demands a trial by jury on all claims.

HANDAL & ASSOCIATES

Dated: March 28, 2014

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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
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e.Digital Corporation