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

12
13 e.Digital Corporation,
14 Plaintiff,

15 v.

16 PNY Electronics, Inc., dba PNY
17 Defendant.

Case No. 3:13-cv-2930-H-BGS

**FIRST AMENDED COMPLAINT
FOR PATENT INFRINGEMENT**

DEMAND FOR JURY TRIAL

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

Courtroom 15A (Annex)

18
19 Plaintiff e.Digital Corporation (“e.Digital” or “Plaintiff”), by and through its
20 undersigned counsel, complains and alleges against Defendant PNY Electronics,
21 Inc., dba PNY (“PNY” or “Defendant”) as follows:

22 **NATURE OF THE ACTION**

23 1. This is a civil action for infringement of a patent arising under the
24 laws of the United States relating to patents, 35 U.S.C. § 101, *et seq.*, including,
25 without limitation, 35 U.S.C. §§ 271, 281. Plaintiff e.Digital seeks a preliminary
26 and permanent injunction and monetary damages for the infringement of its U.S.
27 Patent No. 5,839,108.

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JURISDICTION AND VENUE

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

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

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

5. Upon information and belief, certain of the products manufactured by Defendant have been and/or are currently sold and/or offered for sale at, among other places, the PNY online store website located at <http://www3.pny.com> to

1 consumers including, but not limited to, consumers located within the State of
2 California.

3 6. Upon information and belief, certain of the products manufactured by
4 Defendant have been and/or are currently sold and/or offered for sale at, among
5 other places, the Kmart store located at 875 East H Street, Chula Vista, California
6 91910 and/or the Kmart website located at <http://www.kmart.com> to consumers
7 including, but not limited to, consumers located within the State of California.

8 **PARTIES**

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

12 8. Upon information and belief, Defendant PNY Electronics, Inc., dba
13 PNY is a corporation registered and lawfully existing under the laws of the State of
14 New Jersey, with an office and principal place of business located at 100 Jefferson
15 Road, Parsippany, NJ 07054.

16 **THE ASSERTED PATENT**

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

24 **COUNT ONE**

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

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

28 11. The accused products include but are not limited to PNY’s Flash

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

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

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

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

24 15. Upon information and belief, the accused products, alone or in
25 combination with other products, directly or, alternatively, under the doctrine of
26 equivalents practice each of the limitations of independent Claim 1 of the '108
27 patent when they are used for their normal and intended purpose of writing to and
28 storing electronic data on non-volatile memory. Thus, PNY directly infringes

1 Claim 1 of the '108 patent in violation of 35 U.S.C. § 271(a) when it demonstrates,
2 tests or otherwise uses the accused products in the United States.

3 16. By way of example, PNY's demonstration and How-To videos,
4 posted by PNY on PNY's website(s) or other public websites, show PNY and/or its
5 authorized agents or employees migrating or transferring data from the memory of
6 one or more devices to one or more of the accused products. An example can be
7 found on PNY's website at http://www3.pny.com/Categories/How_MicroSD.aspx
8 and/or on PNY's YouTube channel website at
9 [https://www.youtube.com/watch?v=Go9zhRJtPPc&list=TLBpAALu2mERREiLK](https://www.youtube.com/watch?v=Go9zhRJtPPc&list=TLBpAALu2mERREiLKUrTjiCA0nUUstfRjD)
10 [UrTjiCA0nUUstfRjD](https://www.youtube.com/watch?v=Go9zhRJtPPc&list=TLBpAALu2mERREiLKUrTjiCA0nUUstfRjD). Such conduct evidences PNY's act of direct infringement of
11 Claim 1 of the '108 patent.

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

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

1 users to consult and utilize such instructional videos and other informational
2 material.

3 19. Plaintiff believes and thereupon alleges that PNY is aware that its
4 customers and end-users are using the accused products in an infringing manner
5 based on, among other things: 1) the discussions, questions, answers, and/or
6 comments posted on its Community Forums, Community blogs, Community
7 Forums, and/or Facebook website pages where PNY's authorized agents,
8 customers and/or end-users discuss and disclose the use of the accused products for
9 non-volatile electronic data storage, a process which PNY knows infringes upon
10 Claim 1 of the '108 patent; 2) the website links PNY provides on its YouTube
11 channel wherein PNY customers and/or end-users demonstrate and provide
12 instructions on the use of the accused products for non-volatile electronic data
13 storage, a process which PNY knows infringes upon Claim 1 of the '108 patent
14 such as
15 [https://www.youtube.com/watch?v=EO9z7M79yq8&index=4&list=LLsF1jM2ON](https://www.youtube.com/watch?v=EO9z7M79yq8&index=4&list=LLsF1jM2ONn6vj0ih8RMctAw)
16 [n6vj0ih8RMctAw](https://www.youtube.com/watch?v=EO9z7M79yq8&index=4&list=LLsF1jM2ONn6vj0ih8RMctAw); and/or, 3) the fact that PNY encourages its customers and end-
17 users to use the accused products in an infringing manner as set forth in the
18 preceding Paragraphs.

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

- 23 a. The accused products infringe Claim 1 during their normal use by
24 PNY's customers and/or end-users;
- 25 b. PNY has known and has been continuously aware of the '108
26 patent since at least the filing of the original complaint in this
27 action, if not sooner;
- 28 c. PNY has acted in a manner that encourages and continues to

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encourage others to infringe Claim 1 of the '108 patent by, among other things, intentionally instructing and/or encouraging customers and end-users to use the accused products in a manner that PNY knows or should have known would cause them to infringe the '108 patent;

- d. PNY 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. PNY provides operating manuals, installation guides, instructional videos, or other instructional material designed to instruct customers and end-users to use the products in an infringing manner; and,
- f. PNY 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, PNY 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 PNY's customers and/or end-users;
- b. PNY 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. PNY 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) PNY

1 knows that the same constitute material infringing component(s)
2 of the accused products, which were made and/or especially
3 adapted for use in the accused products;

4 d. The memory management component(s) and methods of the
5 accused products are not staple articles of commerce suitable for
6 substantial non-infringing use with respect to the '108 patent; and,

7 e. PNY sells, has sold, and/or has supplied the accused products
8 knowing of Plaintiff's '108 patent and knowing that the accused
9 products incorporate Plaintiff's patented method and/or were
10 specially adapted for use in a way which infringes the '108 patent.

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

16 **PRAYER FOR RELIEF**

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

- 18 1. That Defendant be declared to have infringed the Patent-in-Suit;
19 2. That Defendant, Defendant's officers, agents, servants, employees,
20 and attorneys, and those persons in active concert or participation with them, be
21 preliminarily and permanently enjoined from infringement of the Patent-in-Suit,
22 including but not limited to any making, using, offering for sale, selling, or
23 importing of unlicensed infringing products within and without the United States;
24 3. Compensation for all damages caused by Defendant's infringement of
25 the Patent-in-Suit to be determined at trial;
26 4. A finding that this case is exceptional and an award of reasonable
27 attorneys fees pursuant to 35 U.S.C. § 285;
28 5. Granting Plaintiff pre-and post-judgment interest on its damages,

1 together with all costs and expenses; and,

2 6. Awarding such other relief as this Court may deem just and proper.

3 **HANDAL & ASSOCIATES**

4 Dated: March 31, 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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DEMAND FOR JURY TRIAL

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Plaintiff hereby demands a trial by jury on all claims.

HANDAL & ASSOCIATES

Dated: March 31, 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 31st day of March, 2014 at San Diego, California.

HANDAL & ASSOCIATES

Dated: March 31, 2014

By: /s/Pamela C. Chalk
Anton N. Handal
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