

1 ANTON HANDAL (Bar No. 113812)
2 anh@handal-law.com
3 PAMELA C. CHALK (Bar No. 216411)
4 pchalk@handal-law.com
5 GABRIEL HEDRICK (Bar No. 220649)
6 ghedrick@handal-law.com
7 HANDAL & ASSOCIATES
8 1200 Third Avenue, Suite 1321
9 San Diego, California 92101
10 Tel: 619.544.6400
11 Fax: 619.696.0323

12 Attorneys for Plaintiff
13 e.Digital Corporation

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

16 e.Digital Corporation,
17 Plaintiff,
18 v.
19 Verbatim Americas, LLC,
20 Defendant.

21 Case No. 3:13-cv-02943-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 Verbatim Americas, LLC (“Verbatim” 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. Patent No. 5,839,108.

JURISDICTION AND VENUE

1
2 2. This court has subject matter jurisdiction over this case for patent
3 infringement under 28 U.S.C. §§ 1331 and 1338(a) and pursuant to the patent laws
4 of the United States of America, 35 U.S.C. § 101, *et seq.*

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

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

26 5. Upon information and belief, certain of the products manufactured by
27 Defendant have been and/or are currently sold and/or offered for sale at, among
28 other places, the Verbatim online store website located at

1 <http://www.verbatimstore.com> to consumers including, but not limited to,
2 consumers located within the State of 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 Wal-Mart store located 3382 Murphy Canyon Road, San Diego,
6 CA 92123 and/or the Wal-Mart online store website located at
7 <https://www.walmart.com> to consumers including, but not limited to, consumers
8 located within the State of California.

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 Verbatim Americas, LLC is a
14 corporation registered and lawfully existing under the laws of the State of
15 Delaware, with an office and principal place of business located at 1200 West
16 W.T. Harris Boulevard, Charlotte, North Carolina 28262.

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 Verbatim'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. Verbatim 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, Verbatim 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 Verbatim 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, Verbatim 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, Verbatim 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, Verbatim's product demonstrations performed by
5 Verbatim authorized agents or employees at various public events to include CES,
6 college fairs, or other public events and/or Verbatim demonstration videos, posted
7 by Verbatim on Verbatim's website(s) or other public websites, show and/or have
8 featured Verbatim and/or its authorized agents or employees migrating or
9 transferring data from the memory of one or more devices to one or more of the
10 accused products. Such conduct evidences Verbatim's act of direct infringement of
11 Claim 1 of the '108 patent.

12 17. Plaintiff alleges on information and belief that Verbatim 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.
16 Verbatim's product literature, materials and instructional/informational videos
17 advertise (including but not limited too the Verbatim EasyLock user manual
18 located on the Verbatim website¹) and encourage customers to use the accused
19 product(s) to store electronic data in the accused products, which utilize the
20 methods of memory management taught by Claim 1 of the '108 patent and in a
21 manner it knows infringes Claim 1 of the '108 patent.

22 18. Verbatim also provides operating or user manuals, product
23 downloads, user or installation guides, instructional/informational videos, and
24 support 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

27 ¹ http://www.verbatim.com/includes/binary_details.php3?show=1&id=2025
page 6 et seq.

1 electronic data. Among other things, Verbatim's informational materials lay out
2 step-by-step instructions on how to write data into the memory of the accused
3 products – a process that utilizes the method disclosed in Claim 1 of the '108
4 patent and which Verbatim knows (at the least as of the filing of the original
5 complaint if not sooner) infringes the method taught in Claim 1 of the '108 patent.
6 Plaintiff believes that Verbatim directs consumers and end-users to consult and
7 utilize such instructional videos and other informational material.

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

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

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

1 other things, intentionally instructing and/or encouraging
2 customers and end-users to use the accused products in a manner
3 that Verbatim knows or should have known would cause them to
4 infringe the '108 patent;

5 d. Verbatim sells, distributes, and supplies the accused products to
6 customers and end-users with the intent that the products be used
7 in an infringing manner;

8 e. Verbatim provides operating manuals, installation guides,
9 instructional videos, or other instructional material designed to
10 instruct customers and end-users to use the products in an
11 infringing manner; and,

12 f. Verbatim advertises, markets, and promotes the use of the accused
13 products in an infringing manner.

14 21. 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, Verbatim has contributed and continues to contribute to the
17 infringement of Claim 1 of the '108 patent in violation of 35 U.S.C. § 271(c)
18 inasmuch as:

19 a. The accused products infringe Claim 1 of the '108 patent during
20 the normal use of the accused products by Verbatim's customers
21 and/or end-users;

22 b. Verbatim has known and has been continuously aware of the '108
23 patent since at least the filing of the original complaint in this
24 action, if not sooner;

25 c. Verbatim imports into the United States, sells and/or offers to sell
26 within the United States products that (a) practice the method of
27 memory management of Claim 1 of the '108 patent; and, (b)
28 Verbatim knows that the same constitute material infringing

- 1 component(s) of the accused products, which were made and/or
2 especially adapted for use in the accused products;
- 3 d. The memory management component(s) and methods of the
4 accused products are not staple articles of commerce suitable for
5 substantial non-infringing use with respect to the '108 patent; and,
6 e. Verbatim sells, has sold, and/or has supplied the accused products
7 knowing of Plaintiff's '108 patent and knowing that the accused
8 products incorporate Plaintiff's patented method and/or were
9 specially adapted for use in a way which infringes the '108 patent.

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

15 **PRAYER FOR RELIEF**

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

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

HANDAL & ASSOCIATES

Dated: April 1, 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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Plaintiff hereby demands a trial by jury on all claims.

HANDAL & ASSOCIATES

Dated: April 1, 2014

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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 1st day of April, 2014 at San Diego, California.

HANDAL & ASSOCIATES

Dated: April 1, 2014

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