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

16 e.Digital Corporation,

17 Plaintiff,

18 v.

19 SK hynix, Inc.; and, SK hynix, America,
20 Inc.;

21 Defendants.

Case No. 3:13-cv-2934-H-BGS

**FIRST AMENDED COMPLAINT
FOR PATENT INFRINGEMENT**

DEMAND FOR JURY TRIAL

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

Courtroom 15A (Annex)

22 Plaintiff e.Digital Corporation (“e.Digital” or “Plaintiff”), by and through its
23 undersigned counsel, complains and alleges against Defendant SK hynix, Inc.; and,
24 Defendant SK hynix, America, Inc. (collectively hereafter “SK hynix” or
25 “Defendant”) as follows:

26 **NATURE OF THE ACTION**

27 1. This is a civil action for infringement of a patent arising under the
28 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

1 and permanent injunction and monetary damages for the infringement of its U.S.
2 Patent No. 5,839,108.

3 **JURISDICTION AND VENUE**

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

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

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

28 5. Upon information and belief, certain of the products manufactured by

1 Defendant have been and/or are currently sold and/or offered for sale at, among
2 other places, the Wal-Mart online store website located at <http://www.walmart.com>
3 to consumers including, but not limited to, consumers located within the State of
4 California.

5 **PARTIES**

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

9 7. Upon information and belief, Defendant SK hynix, Inc. is a South
10 Korean company registered and lawfully existing under the laws of the country of
11 South Korea with an office and principal place of business located at 2091,
12 Gyeongchung-daero, Bubal-eub, Icheon-si, Gyeonggi-do, South Korea.

13 8. Upon information and belief, Defendant SK hynix, America, Inc. is a
14 corporation registered and lawfully existing under the laws of the State of
15 California, with an office and principal place of business at 3101 North First Street
16 San Jose, CA 95134.

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

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

23 18. Plaintiff believes and thereupon alleges that SK hynix is aware that its
24 customers and end-users are using the accused products in an infringing manner
25 based on, among other things: 1) The website or YouTube Channel of one or more
26 of SK hynix's authorized distributors of the accused products, such as
27 <https://www.youtube.com/watch?v=1Fzylx1eRT0>, wherein SK Hynix's
28 authorized agents, distributors, customers and/or end-users discuss and disclose the

1 use of the accused products for non-volatile electronic data storage, a process
2 which SK hynix knows infringes upon Claim 1 of the '108 patent; and/or, 2) the
3 fact that SK hynix encourages its customers and end-users to use the accused
4 products in an infringing manner as set forth in the preceding Paragraphs.

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

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

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

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

25 21. As alleged above, Plaintiff alleges that SK hynix had notice of the
26 '108 patent and knowledge of infringement of Claim 1 of the '108 patent since at
27 least the filing of the original complaint in this matter, if not sooner. SK hynix has
28 and continues to sell products that practice the '108 patent after acquiring

1 knowledge of infringement.

2 **PRAYER FOR RELIEF**

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

4 1. That Defendant be declared to have infringed the Patent-in-Suit;

5 2. That Defendant, Defendant’s officers, agents, servants, employees,
6 and attorneys, and those persons in active concert or participation with them, be
7 preliminarily and permanently enjoined from infringement of the Patent-in-Suit,
8 including but not limited to any making, using, offering for sale, selling, or
9 importing of unlicensed infringing products within and without the United States;

10 3. Compensation for all damages caused by Defendant’s infringement of
11 the Patent-in-Suit to be determined at trial;

12 4. A finding that this case is exceptional and an award of reasonable
13 attorneys fees pursuant to 35 U.S.C. § 285;

14 5. Granting Plaintiff pre-and post-judgment interest on its damages,
15 together with all costs and expenses; and,

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

17 **HANDAL & ASSOCIATES**

18 Dated: May 28, 2014

19 By: /s/Pamela C. Chalk
20 Anton N. Handal
21 Pamela C. Chalk
22 Gabriel G. Hedrick
23 Attorneys for Plaintiff
24 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: May 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 May, 2014 at San Diego, California.

HANDAL & ASSOCIATES

Dated: May 28, 2014

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