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17 **UNITED STATES DISTRICT COURT**
18 **SOUTHERN DISTRICT OF CALIFORNIA**
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20 SONIX TECHNOLOGY CO. LTD,
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22 Plaintiff,
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24 v.
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26 KENJI YOSHIDA and GRID IP PTE.
27 LTD.,
28
29 Defendants.

Case No. 12cv0380 CAB (DHB)

**FOURTH AMENDED
COMPLAINT BY PLAINTIFF
SONIX TECHNOLOGY CO., LTD.**

JURY TRIAL DEMANDED



1 Plaintiff Sonix Technology, Co. Ltd. (“Sonix”) for its Third Amended
2 Complaint avers as follows:

3
4 **PARTIES**

5 1. Plaintiff Sonix is a company organized and existing under the laws of
6 the country of Taiwan, having a principal place of business in Chupei City, Hsinchu,
7 Taiwan.

8 2. Defendant Kenji Yoshida, Ph.D. (“Yoshida”), is an individual who
9 resides in Tokyo, Japan, and operates as the CEO of Gridmark, Inc., (“Gridmark”), a
10 company with its principal place of business at D2 Building, Kanda-Sudacho,
11 Chiyoda-ku, Tokyo, Japan.

12 3. GRID IP PTE. LTD. is a company organized and existing under the
13 laws of Singapore, having a principal place of business located at 6 Temasek
14 Boulevard, #29-00 Suntec Tower Four, Singapore 038986.

15
16 **BACKGROUND**

17 4. Established in 1996, Sonix has grown to become a leading international
18 design and development provider of integrated circuits and related products used in
19 a wide range of applications including video, image, and USB controllers.

20 5. With the majority of its employees focused on research and
21 development, Sonix creates and applies proprietary technologies to the design of its
22 entire range of products.

23 6. United States Patent No. 8,031,375 (“375 patent”) was issued on an
24 Information Input/Output Method Using Dot Pattern on October 4, 2011. A true
25 and correct copy of the ‘375 patent is attached as **Exhibit A** to this Complaint.

26 7. Yoshida is the owner of the ‘375 patent and has served as CEO of
27 Gridmark since its formation in or about 2009, including all relevant times herein
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1 alleged. On information and belief, Gridmark designs, markets, and distributes
2 products with dot-code patterns that it claims practice the invention claimed in the
3 ‘375 patent, which Yoshida commonly refers to as GRID3.

4 8. Sonix designs and sells a range of products that use its own patented
5 technology referred to by Sonix commonly as OID. OID technology divides a
6 surface such as a page of a book into small areas of state zones which may or may
7 not contain a tiny dot. Each separately identifiable group of state zones is referred
8 to as a graphical indicator. Graphical indicators can be used to encode information
9 on a surface (such as a page of a book) such that, to the user, these graphical
10 indicators do not interfere with any text or graphics printed on the same surface.
11 Sonix sells products using the OID technology throughout the world, and its
12 products are embedded within various consumer electronic products (mostly
13 educational devices), many of which are thereafter sold and imported into the
14 United States for resale within the United States, including the Southern District of
15 California.

16 9. On information and belief, Sonix’s OID and Gridmark’s GRID3
17 products are the only commercially viable dot-code technologies in the U.S. market.
18 Sonix’s OID products therefore compete directly with Gridmark’s GRID3 products
19 in the U.S., as well as in various markets around the world.

20 10. From at least October 25, 2007, the Washington, D.C. based law firm
21 Westerman, Hattori, Daniels, & Adrian, LLP (“Westerman”) represented Yoshida
22 in prosecuting the patent application that would ultimately issue as the ‘375 patent.
23 On information and belief, Westerman acted as Yoshida’s agent in all matters
24 pertaining to prosecuting the ‘375 patent.

25 11. On February 7, 2011, the USPTO issued a Notice of Allowance on the
26 ‘375 patent.

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[REDACTED]

15. [REDACTED]

[REDACTED]

16. In addition, on or about late October 2011 (immediately after the formal issuance of the ‘375 patent), employees and/or agents of Gridmark provided at least two of Sonix’s customers, Ravensburger Buchverlag (“Ravensburger”) and [REDACTED] with a document entitled *Relation between Yoshida patent and OID2* (“Yoshida Infringement Analysis”). A copy of this document is attached hereto as **Exhibit C**. The document sets out independent claim 7 of the ‘375 patent in its entirety, then includes a figure in which Gridmark alleges that it has “applied the constituent features of GRID3 to OID2.” According to Gridmark, “[a]s shown in the figure, OID2 clearly has constituent features of GRID3. Thus OID2 belongs to the technical scope of GRID3.” The figure referenced by Gridmark is alleged to be an enlarged photograph of a surface bearing graphical indicators consistent with those of OID, taken from a product with embedded OID dot pattern retailed by a Sonix down-stream customer practicing Sonix’s OID dot pattern technology. Gridmark employees and/or agents provided the Yoshida Infringement Analysis to Ravensburger and [REDACTED] during or shortly after a worldwide book fair held in Germany in October 2011. On information and belief, each of these assertions of infringement by Gridmark directed to Sonix’s OID customers Ravensburger and [REDACTED] were made at the specific direction and with approval of Yoshida.

1 17. Ravensburger and [REDACTED] each produce, market, and distribute
2 products which incorporate Sonix’s OID technology throughout Europe. At the
3 time they were faced with written and oral accusations of infringement by Gridmark
4 (with the specific approval of Yoshida), Ravensburger had intended to import into
5 the United States for sale similar educational dot code products incorporating OID
6 technology. As a result of their receipt of the infringement accusations, both
7 Ravensburger and [REDACTED] immediately contacted Sonix and each made demands to
8 Sonix seeking full indemnity from Sonix if their OID embedded products were later
9 found to in fact be infringing Yoshida’s GRID3 patents (including the ‘375 patent
10 for products planned to be imported into the U.S.).

11 18. [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 19. On information and belief, the representations made by Gridmark
19 concerning how “OID2 belongs to the technical scope of GRID3” and “OID2 is
20 infringing with our patented technology” were made at the instruction and the
21 approval of Yoshida, both personally as the patent owner of the ‘375 patent and as
22 CEO of Gridmark. In addition, on information and belief, these written threats of
23 OID products infringing the ‘375 patent were made during a time when Yoshida
24 knew or should have known that at least Ravensburger, and possibly [REDACTED] as
25 well, were planning to import and sell dot-pattern based educational materials into
26 the United States using Sonix’s OID technology. As a result, on information and
27 belief, Yoshida made and caused Gridmark to make these accusations of
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1 infringement against Sonix and its OID-based dot code products in order to scare
2 away Sonix customers from importing and selling OID-based dot code products in
3 the United States, as was consistent with [REDACTED]

4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 20. In November, 2011, immediately after providing Sonix's customers
8 with the Yoshida Infringement Analysis, Yoshida traveled to California, intending
9 to meet with potential customers in the greater Los Angeles area to further exploit
10 the '375 patent. On information and belief, Yoshida met with companies in
11 California and made [REDACTED]

12 [REDACTED]
13 21. From November 2, 2011 through November 5, 2011, Yoshida also
14 attended the National Association for the Education of Young Children Conference
15 in Orlando, Florida. Yoshida and Gridmark representatives demonstrated and
16 discussed GRID3 technology with representatives from at least 28 companies, and
17 contacted most of these companies after the Orlando conference. [REDACTED]

18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 22. Sonix has analyzed the '375 patent and disputes the assertions by
25 Yoshida that its OID-based products infringes the '375 patent. As Sonix continues
26 to sell and work with its non-U.S. based customers in preparation to sell OID
27 products that are incorporated into consumer products for resale into, among other
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1 places, the various states within the United States, Sonix has been prejudiced and
2 will continue to suffer significant prejudice by similar allegations in this specialized
3 marketplace absent an immediate and clear, judicial, declaratory relief.

4 23. Plaintiff Sonix now seeks by this Action declarations of invalidity and
5 non-infringement of the '375 patent.

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7 **SUBJECT MATTER JURISDICTION**

8 24. This Court has jurisdiction over the subject matter of the Complaint
9 pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202,
10 under federal question jurisdiction pursuant to 28 U.S.C. §§1331 and 1338(a), and
11 as arising under the Patent Laws of the United States, Title 35 of the United States
12 Code.

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14 **PERSONAL JURISDICTION – FRCP 4(K)(2)**

15 25. This Court has personal jurisdiction over Yoshida pursuant to Federal
16 Rule of Civil Procedure 4(k)(2) because all of the elements of Rule 4(k)(2) have
17 been satisfied, namely that: (a) Yoshida has been properly served with a summons
18 and complaint; (b) this Action arises under federal law; (c) on information and belief
19 Yoshida is not subject to personal jurisdiction in any court of general jurisdiction
20 within the U.S. (Rule 4(k)(2)(A)); and (d) this Court's exercise of personal
21 jurisdiction over Yoshida is consistent with the United States Constitution and laws
22 (Rule 4(k)(2)(B)).

23 26. This Court's assertion of personal jurisdiction over Yoshida under Rule
24 4(k)(2) is consistent with the United States Constitution and laws because such
25 exercise of jurisdiction comports with the federal notion of due process under the
26 present circumstances. Specifically, Yoshida's numerous and continuous contacts
27 with the various states within these United States, as alleged above, constitute
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1 sufficient minimum contacts with the United States to support the exercise of
2 personal jurisdiction over him as the record owner of the ‘375 patent. For example,
3 Yoshida created and maintained an agency relationship with a United States law
4 firm since at least 2007 specifically in connection with the patent at issue in this
5 Action – the ‘375 patent. As a result, Yoshida has purposefully availed himself of
6 the United States forum by, at least, applying for and obtaining the ‘375 patent in
7 the United States. *See Touchcom, Inc. v. Bereskin & Parr*, 574 F.3d 1403 (Fed. Cir.
8 2009); *Monster Cable Prods. v. Euroflex S.R.L.*, 642 F. Supp. 2d 1001 (N.D. Cal.
9 2009).

10 27. This Action and each of the Declaratory Judgment claims asserted by
11 Plaintiff also arise out of and are relate directly to Yoshida’s efforts to enforce the
12 ‘375 patent, including his conduct beyond the United States taken with knowledge
13 and intent of having a specific affect and material impact within the United States.
14 On information and belief, by Yoshida alleging infringement against the only
15 alternative competitive technology in this niche market, Yoshida has moved
16 aggressively with an intent to completely eliminate all OID-based products in the
17 United States as soon as he first received the Notice of Allowance for the ‘375
18 patent in February 2011 – efforts which moved beyond mere commercializing his
19 own patent. *Autogenomics, Inc. v. Oxford Gene Tech. Ltd.*, 566 F.3d 1012 (Fed. Cir.
20 2009). Yoshida’s multiple and express allegations of patent infringement directed
21 toward ██████████ and Sonix’s downstream OID customers constitute extra-judicial
22 patent enforcement sufficient for the Court to maintain personal jurisdiction over
23 Yoshida to afford Sonix a competent forum to obtain the declaratory relief which it
24 seeks by this Action. *See Campbell Pet Co. v. Miale*, 542 F.3d 879 (Fed. Cir. 2008);
25 *JHRG LLC v. StormWatch, Inc.* 2011 U.S. Dist. LEXIS 81823, at *33 (M.D.N.C
26 July 26, 2011).

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1 28. Yoshida cannot be afforded the benefit of policies protecting patent
2 owners in merely informing others of potential infringement of OID-based products.
3 *See Silent Drive, Inc. v. Strong Indus.*, 326 F.3d 1194 (Fed. Cir. 2003); *Red Wing*
4 *Shoe v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1359–61 (Fed. Cir. 1998).
5 These judicial policies exist to offer limited protection to patent owners in
6 promoting extra-judicial dispute resolution. Yoshida did not approach Sonix
7 at anytime between his receipt of the Notice of Allowance of the ‘375 patent and the
8 filing of the original complaint initiating this action to explore possible extra-
9 judicial resolution that would have avoided the need for litigation. Instead, since
10 February 2011, Yoshida has engaged in an overt and aggressive strategy to approach
11 customers in this niche market – including Sonix’s OID customers – in order to
12 accomplish his goal of building an “exclusive market” for the dot code educational
13 materials market in the United States (and elsewhere) based upon, among other
14 things, the ‘375 patent. By conspicuously avoiding efforts to resolve this dispute
15 with Sonix and instead adopting an aggressive strategy to improperly monopolize on
16 the market, Yoshida has left Sonix no choice but to seek a formal judicial
17 declaration of the remedies sought by Sonix in this Action, absent which Sonix will
18 have no adequate relief in law.

19 29. On information and belief, Yoshida’s specific and repeated
20 infringement allegations directed toward Sonix’s German customers also constitute
21 extra-judicial patent enforcement efforts *with knowledge* that Yoshida’s actions will
22 have a direct effect on the residents of the United States. While a U.S. patent may
23 only be enforced against products made, used, sold, or offered for sale within the
24 United States, by alleging to Sonix’s customer(s) in Germany that OID technology
25 infringes the ‘375 patent, Yoshida was and is attempting to limit competition of the
26 OID products that Sonix’s customer(s) in Germany was preparing to import and sell
27 in the United States. Given the highly specialized and niche nature of the market for
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1 companies incorporating dot code technology in educational materials for sale in the
2 United States, Yoshida's allegations against Ravensburger and, on information and
3 belief, ██████ constitute a warning and threat against a known Sonix customer
4 with knowledge and intent to dissuade them from importing OID based products
5 into the United States.

6 30. Rule 4(k)(2) was specifically promulgated to address the situation
7 where, as here, a foreign defendant's extra-judicial activities outside the United
8 States are causing harm to Plaintiff within the United States, but the foreign
9 defendant does not have sufficient contacts with any single state to satisfy a
10 traditional due-process jurisdictional analysis. Fed. R. Civ. P. 4(k)(2), 1993 Notes
11 of Advisory Committee. Rule 4(k)(2) was adopted specifically in response to a
12 Supreme Court suggestion that this federal long arm statute would serve to further
13 the policies of existing substantive federal law. *Omni Capital Int'l v. Rudolf Wolff &*
14 *Co.*, 484 U.S. 97 (1987). The application of Rule 4(k)(2) here would serve to
15 further United States Patent laws by limiting the potential abuse of patent rights by a
16 foreign national holding a U.S. patent like Yoshida. It would also serve the policies
17 of the Declaratory Judgment Act by holding Yoshida accountable for taking express
18 efforts to maintain *outside the United States* an actual legal controversy over his
19 rights under the '375 patent for his own advantage and to Sonix's detriment.

20 31. In sum, personal jurisdiction over Yoshida comports with due process
21 because Yoshida obtained a federal U.S. property interest in the '375 patent and has
22 repeatedly asserted that interest in the U.S. and abroad in an effort to chill (and has
23 in fact chilled) competition within the United States between GRID3 products based
24 on the '375 patent and Plaintiff's OID products.

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1 **PERSONAL JURISDICTION – FRCP 4(K)(1)(A)**

2 32. This Court also has personal jurisdiction over Yoshida pursuant to
3 Federal Rule of Civil Procedure 4(k)(1)(A) because, on information and belief,
4 Yoshida has engaged in a continuing pattern of specific activities within the forum
5 state (California), among others, such that he would be subject to the jurisdiction of
6 a court of general jurisdiction (California) where this Court is located. As alleged
7 above, exercise of jurisdiction over Yoshida is reasonable and proper because this
8 Declaratory Judgment Action also arises out of Yoshida’s extrajudicial patent
9 enforcement efforts *within* the forum state. On information and belief, Yoshida’s
10 conduct *within* the forum state relating to the ‘375 patent includes, but is not limited
11 to, (a) Yoshida’s multiple travels within California since Notice of Allowance was
12 issued in February 2011 to seek equity investors of the formation of a U.S. company
13 to hold, develop and prosecute his GRID technology, including the ‘375 patent; (b)
14 Yoshida’s multiple communications with [REDACTED] California (both in person
15 and by multiple subsequent e-mails to [REDACTED]) to establish [REDACTED]
16 [REDACTED]
17 [REDACTED] and (c) Yoshida’s multiple trips to
18 California since early 2011 to visit potential GRID3 customers located in California
19 (based, at least in part, on the ‘375 patent) to accomplish his goal of driving out
20 competing OID-based products. All such infringement allegations by Yoshida (or
21 made at the specific instruction or approval of Yoshida by Gridmark
22 representatives) are all attempts to limit competition within California for OID-
23 based products that contain competing dot code technology to the ‘375 patent. *See*
24 *Campbell Pet Co. v. Miale*, 542 F.3d 879 (Fed. Cir. 2008).

25 33. Grid IP Pte. Ltd. has consented to the jurisdiction of this Court by filing
26 counterclaims in this action (Doc. No. 42).

1 VENUE

2 34. Venue is proper under 28 U.S.C. §§1391(b)(3) and 1400.

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4 SUPPLEMENTAL MATERIAL

5 35. On July 23, 2013, Sonix filed a First Amended Complaint in the above
6 captioned action seeking a declaratory judgment of invalidity and non-infringement
7 of the ‘375 patent.

8 36. On August 20, 2013, Yoshida filed an Answer to Sonix’s First
9 Amended Complaint. In the Answer, Yoshida asserted Counterclaims against Sonix
10 for infringement of the ‘375 patent along with three (3) additional patents.

11 37. On September 20, 2013, Yoshida and Grid IP Pte. Ltd. filed
12 Defendants’ First Amended Answer to First Amended Complaint and Counter-
13 Claims, adding Grip IP Pte. Ltd. as a counterclaimant.

14 38. United States Patent No. 7,967,217 (“‘217 patent”) was issued on an
15 invention entitled “Information Reproduction/i/o Method Using Dot Pattern,
16 Information Reproduction Device, Mobile Information i/o Device, and Electronic
17 Toy” on June 28, 2011. A true and correct copy of the ‘217 patent is attached as
18 **Exhibit E** to this Complaint.

19 39. United States Patent No. 8,253,982 (“‘982 patent”) was issued on an
20 invention entitled “Information Input/Output Method Using Dot Pattern” on August
21 28, 2012. A true and correct copy of the ‘982 patent is attached as **Exhibit F** to this
22 Complaint.

23 40. United States Patent No. 8,430,328 (“‘328 patent”) was issued on an
24 invention entitled “Dot Pattern” on April 30, 2013. A true and correct copy of the
25 ‘328 patent is attached as **Exhibit G** to this Complaint.

1 41. In addition to the ‘375 Patent, Yoshida is also the owner of the ‘217
2 and ‘982 patents, and Grid IP Pte Ltd. is the owner of the ‘328 patent (the four (4)
3 patents-in-suit collectively referred to as “the Yoshida Patents”).

4 42. Yoshida has affirmatively consented to personal jurisdiction in his
5 Answer to the First Amended Complaint. By virtue of filing his Counterclaims,
6 Yoshida has consented to personal jurisdiction in this Court with respect to the
7 Declaratory Judgment claims asserted herein.

8 43. Sonix has analyzed the Yoshida Patents and disputes the assertions by
9 Yoshida that its products infringe any claim of the Yoshida Patents. As Sonix
10 continues to sell and work with its non-U.S. based customers in preparation to sell
11 products that are incorporated into consumer products for resale into, among other
12 places, the various states within the United States, Sonix has been prejudiced and
13 will continue to suffer significant prejudice by similar allegations in this specialized
14 marketplace absent an immediate and clear, judicial, declaratory relief.

15 44. Plaintiff Sonix now seeks by this Action declarations of invalidity and
16 non-infringement of the Yoshida Patents.

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INEQUITABLE CONDUCT

19 45. U.S. Patent No. 7,328,845 issued from U.S. Patent Application No.
20 10/189,244. This application was published on July 17, 2003, as United States
21 Patent Publication No. 2003/0133164 to Tsai (the “‘164 Publication”). Pursuant to
22 35 U.S.C. §102, the ‘164 Publication is prior art for purposes of evaluating the
23 validity of the ‘217 patent, the ‘375 patent, the ‘982 patent, and the ‘328 patent.

24 46. As construed by Yoshida, the ‘164 Publication teaches, suggests,
25 and/or discloses at least a dot pattern wherein a plurality of reference points are
26 provided in an area of a block where an information dot is arranged, and a plurality
27 of virtual reference points are defined by the reference points, wherein information
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1 of the information dot is defined by a distance and a direction from at least one of
2 the virtual reference points. As construed by Yoshida, examples of such dot
3 patterns are disclosed in at least Figures 1(A) – 1(F) of the ‘164 Publication. A copy
4 of the ‘164 Publication is attached hereto as **Exhibit H**.

5 47. The ‘164 Publication is material to the patentability of at least claims 1,
6 2, 3, 4, 5, 7, 16, and 29 of the ‘217 patent, at least claims 7, 9, and 10 of the ‘375
7 patent, at least claims 1, 2, 3, 4, 7, 9, 10, 12, and 13 of the ‘982 patent, and at least 7,
8 8, 19, 20, 21, 23, 25, 28, 29, and 30 of the ‘328 patent.

9 48. The ‘164 Publication is not cumulative of any other prior art considered
10 by the Patent Office during prosecution of the ‘217 patent, the ‘375 patent, the ‘982
11 patent, or the ‘328 patent.

12 49. In the statement of reasons for allowance, the Patent Office found that
13 the prior art cited in connection with prosecution of the ‘217 patent fails to teach or
14 fairly suggest, in the context of all other limitations present in each independent
15 claim, an arrangement wherein “the dot pattern forms a lattice block by a horizontal
16 line composed of successive equally spaced dots and a vertical line extending
17 vertically from the horizontal line, the lattice block has a lattice area surrounded by
18 lattice points, and an information dot that defines data is generated by the algorithm
19 and arranged within the lattice area.”¹

20 50. As construed by Yoshida, the ‘164 Publication teaches an arrangement
21 wherein the dot pattern forms a lattice block by a horizontal line composed of
22 successive equally spaced dots and a vertical line extending vertically from the
23 horizontal line, the lattice block has a lattice area surrounded by lattice points, and
24 an information dot that defines data is generated by the algorithm and arranged
25 within the lattice area. Thus, the ‘164 Publication is not cumulative of the prior art
26 cited during prosecution of the ‘217 patent.

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28 ¹ Notice of Allowance dated February 23, 2011.

1 51. As construed by Yoshida, the ‘164 Publication teaches the specific
2 features missing from the cited prior art relied on by the patent examiner in issuing a
3 notice of allowance for the ‘217 patent. Had the Patent Office considered the ‘164
4 Publication in view of the other prior art references considered by the Patent Office
5 and the knowledge of persons of ordinary skill in the art, at least claims 1, 5, 7, 16,
6 and 29 of the ‘217 patent would fail to meet the requirements for patentability under
7 at least 35 U.S.C. §§102 and/or 103 and would not have issued.

8 52. The Patent Office found that the prior art cited in connection with
9 prosecution of the ‘328 patent does not disclose or suggest a dot pattern “comprised
10 of a plurality of reference points in an area of a block, a plurality of virtual
11 references points defined by the reference points, and an information dot” where the
12 “information dot is defined by at least one of distance and direction from one of the
13 plurality of virtual reference points.”²

14 53. As construed by Yoshida, the ‘164 Publication discloses a dot pattern
15 having a plurality of reference points in an area of a block, a plurality of virtual
16 references points defined by the reference points, and an information dot where the
17 information dot is defined by at least one of distance and direction from one of the
18 plurality of virtual reference points. Thus, the ‘164 Publication is not cumulative of
19 the prior art cited during prosecution of the ‘328 patent.

20 54. As construed by Yoshida, the ‘164 Publication teaches the specific
21 features missing from the cited prior art relied on by the patent examiner in issuing a
22 notice of allowance for the ‘328 patent. Had the Patent Office considered the ‘164
23 Publication in view of the other prior art references considered by the Patent Office
24 and the knowledge of persons of ordinary skill in the art, at least claim 7, 19, 20, 21,
25 23, 25, 28, 29, and 30 of the ‘328 patent would fail to meet the requirements for
26 patentability under at least 35 U.S.C. §§102 and/or 103 and would not have issued.

27 _____
28 ² Notice of Allowance dated January 3, 2013.

1 55. The Patent Office found “neither prior art cited in its entirety, nor based
2 on the prior art, found any motivation to combine any of said prior art” that teaches
3 the claimed subject matter of the allowed independent claims,³ including a
4 predetermined number of horizontal reference grid point dots placed at a
5 predetermined interval in a horizontal direction; a predetermined number of vertical
6 reference grid point dots placed in a vertical direction from the horizontal reference
7 grid point dot that is positioned at an end point of the horizontal reference grid point
8 dots; and an information dot in which information is defined by a distance and a
9 direction from a starting point that is an intersection of a vertical direction reference
10 grid line virtually set from the horizontal reference grid point dot and a horizontal
11 direction reference grid line virtually set in a horizontal direction from the vertical
12 direction reference grid point dot.

13 56. As construed by Yoshida, the ‘164 Publication teaches all of these
14 elements and all of the elements of at least the allowed independent claims 1, 7, and
15 11 of the ‘375 patent and thus anticipates those claims. Thus, the ‘164 Publication
16 is not cumulative of the prior art cited during prosecution of the ‘375 patent.

17 57. As construed by Yoshida, the ‘164 Publication teaches all of the
18 specific features missing from the cited prior art relied on by the patent examiner in
19 issuing a notice of allowance for the ‘375 patent. Had the Patent Office considered
20 the ‘164 Publication in view of the other prior art references considered by the
21 Patent Office and the knowledge of persons of ordinary skill in the art, at least
22 claims 1, 7, and 11 of the ‘375 patent would fail to meet the requirements for
23 patentability under at least 35 U.S.C. §§102 and/or 103 and would not have issued.

24 58. The Patent Office found that the prior art cited in connection with
25 prosecution of the ‘982 patent “does not teach the claimed subject matter of” the
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³ Notice of Allowance dated June 3, 2011.

1 allowed independent claims 1, 7, and 11 of the '982 patent,⁴ including defining as a
2 block a rectangular area of a square or a rectangle, of a medium surface such as a
3 printed matter; while straight lines in a vertical direction and a horizontal direction
4 configuring sides of the block each are defined as a reference grid line, providing
5 virtual reference grid points at predetermined intervals on the reference grid line;
6 placing reference grid point dots on respective virtual reference grid points; defining
7 straight lines that connect the virtual reference grid points to each other and are
8 parallel to the reference grid lines as grid lines; defining a point of intersection of
9 the grid lines as a virtual grid point; generating the dot pattern by arranging one or a
10 plurality of information dots, each of which has a distance and a direction around
11 the virtual grid point.

12 59. As construed by Yoshida, the '164 Publication teaches all of these
13 elements and all of the elements of at least the allowed independent claims 1, 7, and
14 11 of the '982 patent and thus anticipates those claims. Thus, the '164 Publication
15 is not cumulative of the prior art cited during prosecution of the '982 patent.

16 60. As construed by Yoshida, the '164 Publication teaches the specific
17 features missing from the cited prior art relied on by the patent examiner in issuing a
18 notice of allowance for the '982 patent. Had the Patent Office considered the '164
19 Publication in view of the other prior art references considered by the Patent Office
20 and the knowledge of persons of ordinary skill in the art, at least claims 1, 7, and 11
21 of the '982 patent would fail to meet the requirements for patentability under at least
22 35 U.S.C. §§102 and/or 103 and would not have issued.

23 61. Kenji Yoshida, as the applicant, owed a duty of candor to the Patent
24 Office in connection with the prosecutions of the '217 patent, the '375 patent, the
25 '982 patent, and the '328 patent, consistent with an inventor's duty of candor
26 pursuant to 37 C.F.R. §1.56(c)(1).

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28 ⁴ Notice of Allowance dated April 25, 2012.

1 62. Kenji Yoshida files patent applications relating to dot pattern encoding
2 technology around the world, and actively monitors patent filings relating to dot
3 pattern encoding technology. Sonix is a principal competitor of the dot pattern
4 technology companies that Mr. Yoshida owns and operates to commercialize his dot
5 pattern technologies, including Gridmark, Inc. and Defendant GRID IP. Kenji
6 Yoshida follows both the product offerings and the patent filings of Sonix, and knew
7 of the '164 Publication during the prosecutions of the '217 patent, the '375 patent,
8 the '982 patent, and the '328 patent. Specifically, Mr. Yoshida has expressly
9 admitted that he was aware of U.S. Patent No. 7,328,845, which issued from the
10 patent application published as the '164 Publication, during the prosecution of the
11 asserted patents. In addition, on or about February 3, 2011, Mr. Yoshida submitted
12 the Japanese counterpart to the '164 Publication, JP 2004166177, to the Japanese
13 Patent Office as material prior art in connection with an opposition to a dot pattern
14 technology patent application filed by Sonix in Japan. Mr. Yoshida is skilled in the
15 art relevant to the applications that issued as the '217 patent, the '375 patent, the
16 '982 patent, and the '328 patent. As a person of skill in the art and knowledgeable
17 of both his own patent applications and the products sold by Sonix and described in
18 the '164 Publication, Mr. Yoshida understood that the '164 Publication was material
19 to the prosecutions of the '217 patent, the '375 patent, the '982 patent, and the '328
20 patent.

21 63. Mr. Yoshida intentionally failed to disclose the '164 Publication to the
22 Patent Office during the prosecution of the '217 patent, the '375 patent, the '982
23 patent, and the '328 patent. Mr. Yoshida's failure to disclose the '164 Publication
24 was a violation of Mr. Yoshida's duty of candor and was done with specific intent to
25 deceive the Patent Office in its consideration of the applications that issued as the
26 '217 patent, the '375 patent, the '982 patent, and the '328 patent.

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1 64. Mr. Yoshida has also testified in this Action that his U.S. patent
2 prosecution counsel plays a material role with respect to making decisions on
3 disclosure of prior art during prosecution of his U.S. patents.

4 65. The law firm of WESTERMAN, HATTORI, DANIELS & ADRIAN, LLP has
5 been prosecuting United States patent applications for Mr. Yoshida since 2004
6 including U.S. patent applications for Mr. Yoshida's dot pattern technologies, and
7 was counsel of record for prosecution of the patent applications that issued as the
8 '217 patent, the '375 patent, and the '982 patent.

9 66. Attorneys Ken-Ichi Hattori, William Schertler, Dennis M. Hubbs,
10 William F. Westerman, and Stephen A. Adrian, all of the law firm of WESTERMAN,
11 HATTORI, DANIELS & ADRIAN, LLP, were personally involved in the prosecution of
12 the applications that issued as the '217 patent, the '375 patent, and the '982 patent.
13 As prosecuting attorneys, each of these individuals owed a duty of candor to the
14 Patent Office in connection with the prosecutions of the '217 patent, the '375 patent,
15 and the '982 patent pursuant to 37 C.F.R. §1.56(c)(2).

16 67. Mr. Hattori is also a shareholder of Gridmark, Inc., the Japanese
17 company through which Yoshida commercializes his dot pattern technology, and, on
18 information and belief, is deeply familiar with both the technology and business
19 operations of Gridmark, Inc.

20 68. On information and belief, at least Mr. Hattori and Mr. Schertler knew
21 of the '164 Publication during the prosecutions of the '217 patent, the '375 patent,
22 and the '982 patent.

23 69. Mr. Hattori, Mr. Schertler, Mr. Hubbs, Mr. Westerman, and Mr. Adrian
24 all are experienced patent prosecution counsel, and each has substantial experience
25 in the prosecution of patents relating to dot pattern technology. Each also has
26 substantial experience evaluating the materiality of prior art relating to Mr.
27 Yoshida's applications for patents on dot pattern technology generally, and
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1 evaluating the materiality of prior art relating to the applications that issued as the
2 '217 patent, the '375 patent, and the '982 patent specifically.

3 70. Mr. Hattori, Mr. Schertler, Mr. Hubbs, Mr. Westerman, and Mr. Adrian
4 all failed to disclose the '164 Publication to the Patent Office during the prosecution
5 of the '217 patent, the '375 patent, and the '982 patent.

6 71. The failure of Mr. Hattori, Mr. Schertler, Mr. Hubbs, Mr. Westerman,
7 or Mr. Adrian to disclose the '164 Publication was a violation of their duty of
8 candor and was done with the specific intent to deceive the Patent Office in its
9 evaluation of the applications that issued as the '217 patent, the '375 patent, and the
10 '982 patent.

11 72. Jarrad M. Gunther and Joseph A. Powers of the law firm of DUANE
12 MORRIS LLP, were personally involved in the prosecution of the application that
13 issued as the '328 patent. As prosecuting attorneys, each of these individuals owed
14 a duty of candor to the Patent Office in connection with the prosecutions of the '217
15 patent, the '375 patent, and the '982 patent pursuant to 37 C.F.R. §1.56(c)(2).

16 73. Mr. Gunther and Mr. Powers knew of the '164 Publication during the
17 prosecution of the '328 patent.

18 74. Mr. Gunther and Mr. Powers are experienced patent prosecution
19 counsel, and each has substantial experience in the prosecution of patents relating to
20 dot pattern technology. Each also has substantial experience evaluating the
21 materiality of prior art relating to Mr. Yoshida's applications for patents on dot
22 pattern technology generally, and evaluating the materiality of prior art relating to
23 the application that issued as the '328 patent specifically.

24 75. Mr. Gunther and Mr. Powers failed to disclose the '164 Publication to
25 the Patent Office during the prosecution of the '328 patent.

26 76. The failure of Mr. Gunther and Mr. Powers to disclose the '164
27 Publication was a violation of their duty of candor and was done with the specific
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1 intent to deceive the Patent Office in its evaluation of the application that issued as
2 the '328 patent.

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4 **COUNT I**

5 **(Declaratory Judgment Of Non-Infringement Of The '375 Patent)**

6 77. Sonix realleges and incorporates by reference all of the previous
7 allegations set forth herein.

8 78. As a result of Yoshida's Counterclaim for infringement of the '375
9 patent, an actual controversy exists as to infringement of the '375 patent by Sonix.

10 79. Sonix does not infringe the '375 patent.

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12 **COUNT II**

13 **(Declaratory Judgment Of Invalidity Of The '375 Patent)**

14 80. Sonix realleges and incorporates by reference all of the previous
15 allegations set forth herein.

16 81. As a result of Yoshida's Counterclaim for infringement of the '375
17 patent, an actual controversy exists as to the validity of the '375 patent.

18 82. The '375 patent is invalid for failing to comply with one or more of the
19 requirements of title 35 of the United States Code including, but not limited to, §§
20 101, 102, 103, and 112.

21 **COUNT III**

22 **(Declaratory Judgment Of Non-Infringement Of The '217 Patent)**

23 83. Sonix realleges and incorporates by reference all of the previous
24 allegations set forth herein.

25 84. As a result of Yoshida's Counterclaim for infringement of the '217
26 patent, an actual controversy exists as to infringement of the '217 patent by Sonix.

27 85. Sonix does not infringe the '217 patent.

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COUNT IV

(Declaratory Judgment Of Invalidity Of The ‘217 Patent)

86. Sonix realleges and incorporates by reference all of the previous allegations set forth herein.

87. As a result of Yoshida’s Counterclaim for infringement of the ‘217 patent, an actual controversy exists as to the validity of the ‘217 patent.

88. The ‘217 patent is invalid for failing to comply with one or more of the requirements of title 35 of the United States Code including, but not limited to, §§ 101, 102, 103, and 112.

COUNT V

(Declaratory Judgment Of Non-Infringement Of The ‘982 Patent)

89. Sonix realleges and incorporates by reference all of the previous allegations set forth herein.

90. As a result of Yoshida’s Counterclaim for infringement of the ‘982 patent, an actual controversy exists as to infringement of the ‘982 patent by Sonix.

91. Sonix does not infringe the ‘982 patent.

COUNT VI

(Declaratory Judgment Of Invalidity Of The ‘982 Patent)

92. Sonix realleges and incorporates by reference all of the previous allegations set forth herein.

93. As a result of Yoshida’s Counterclaim for infringement of the ‘982 patent, an actual controversy exists as to the validity of the ‘982 patent.

94. The ‘982 patent is invalid for failing to comply with one or more of the requirements of title 35 of the United States Code including, but not limited to, §§ 101, 102, 103, and 112.

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COUNT VII

(Declaratory Judgment Of Non-Infringement Of The ‘328 Patent)

95. Sonix realleges and incorporates by reference all of the previous allegations set forth herein.

96. As a result of Grid IP Pte Ltd.’s Counterclaim for infringement of the ‘328 patent, an actual controversy exists as to infringement of the ‘328 patent by Sonix.

97. Sonix does not infringe the ‘328 patent.

COUNT VIII

(Declaratory Judgment Of Invalidity Of The ‘328 Patent)

98. Sonix realleges and incorporates by reference all of the previous allegations set forth herein.

99. As a result of Grid IP Pte Ltd.’s Counterclaim for infringement of the ‘328 patent, an actual controversy exists as to the validity of the ‘328 patent.

100. The ‘328 patent is invalid for failing to comply with one or more of the requirements of title 35 of the United States Code including, but not limited to, §§ 101, 102, 103, and 112.

COUNT IX

(Declaratory Judgment Of Unenforceability of the ‘217 Patent, the ‘375 Patent, the ‘982 Patent, and the ‘328 Patent)

101. Sonix realleges and incorporates by reference all of the previous allegations set forth herein.

102. Yoshida, his agents/representatives, and/or the attorneys prosecuting the applications for the ‘217 patent, the ‘375 patent, the ‘982 patent, and the ‘328 patent failed to disclose material, non-cumulative prior art references to the Patent

1 Office in breach of their duty of candor and with specific intent to deceive the Patent
2 Office in its consideration of the applications that issued as the ‘217 patent, the ‘375
3 patent, the ‘982 patent, and the ‘328 patent.

4 103. Sonix requests a declaratory judgment that the ‘217 patent, the ‘375
5 patent, the ‘982 patent, and/or the ‘328 patent are unenforceable due to Yoshida’s
6 fraud on the Patent Office and other inequitable conduct.

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8 **PRAYER FOR RELIEF**

9 WHEREFORE, Sonix prays that judgment be entered by this Court in its
10 favor and against defendants as follows:

- 11 A. Declaring that Sonix has not infringed the ‘375 Patent;
12 B. Declaring that the ‘375 patent and all claims thereof are invalid;
13 C. Declaring that the ‘375 patent and all claims thereof are unenforceable;
14 D. Declaring that Sonix has not infringed the ‘217 patent;
15 E. Declaring that the ‘217 patent and all claims thereof are invalid;
16 F. Declarating that the ‘217 patent and all claims thereof are
17 unenforceable;
18 F. Declaring that Sonix has not infringed the ‘982 patent;
19 G. Declaring that the ‘982 patent and all claims thereof are invalid;
20 H. Declaring that the ‘982 patent and all claims thereof are unenforceable;
21 I. Declaring that Sonix has not infringed the ‘328 patent;
22 J. Declaring that the ‘328 patent and all claims thereof are invalid;
23 K. Declaring that the ‘328 patent and all claims thereof are unenforceable;
24 L. Declaring that this case is exceptional under 35 U.S.C. Section 285 and
25 awarding attorneys’ fees, costs and expenses to Sonix;
26 M. For such other relief as the Court may deem just and proper.
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DEMAND FOR JURY TRIAL

Plaintiff Sonix hereby demands a jury trial as to all issues that are so triable.

Dated: January 16, 2015 X-PATENTS, APC

By: s/Jonathan Hangartner
JONATHAN HANGARTNER

Attorneys for Plaintiff/Counter-Defendant
Sonix Technology Corporation, Ltd.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing document has been served on January 16, 2015 to all counsel who are deemed to have consented to electronic service via the Court's CM/ECF system per Civil Local Rule 5.4.

s/Jonathan Hangartner
JONATHAN HANGARTNER