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

12 e.Digital Corporation,
13 Plaintiff,
14 v.
15 SanDisk Corporation,
16 Defendant.

Case No. 3:12-cv-2698- DMS-WVG

**PLAINTIFF AND COUNTER-
DEFENDANT E.DIGITAL
CORPORATION'S
SECOND AMENDED
COMPLAINT FOR PATENT
INFRINGEMENT**

DEMAND FOR JURY TRIAL

**Assigned to the
Honorable Judge Dana M. Sabraw**

Ctrm: 13A (Annex)

21 Plaintiff e.Digital Corporation ("e.Digital" or "Plaintiff"), by and through its
22 undersigned counsel, complains and alleges against Defendant SanDisk
23 Corporation ("Defendant" or "SanDisk") as follows:

24 **NATURE OF THE ACTION**

25 1. This is a civil action for infringement of a patent arising under the
26 laws of the United States relating to patents, 35 U.S.C. § 101, *et seq.*, including,
27 without limitation, 35 U.S.C. §§ 271, 281. Plaintiff e.Digital seeks a preliminary
28

1 and permanent injunction and monetary damages for the infringement of its U.S.
2 Patent Nos. 5,742,737 and 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

Defendant have been and/or are currently sold and/or offered for sale to consumers including, but not limited to, SanDisk's website located at http://shop.sandisk.com/store?Action=DisplayHomePage&Env=BASE&Locale=en_US&SiteID=sdiskus which is available to consumers located within the State of California.

PARTIES

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

7. Upon information and belief, Defendant SanDisk Corporation is a company registered and lawfully existing under the laws of Delaware, with an office and principal place of business located at 951 SanDisk Drive, Milpitas, CA 95035-7933.

THE ASSERTED PATENTS

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

9. On April 21, 1998, United States Patent No. 5,742,737 ("the '737 patent") entitled "Method For Recording Voice Messages On Flash Memory In A Hand Held Recorder," was duly and legally issued by the United States Patent and Trademark Office. The named inventors are Norbert P. Daberko, Richard K. Davis, and Richard D. Bridgewater. e.Digital is the assignee and owner of the entire right, title and interest in and to the '737 patent and has the right to bring this suit for damages and other relief. A true and correct copy of the '737 patent is

1 attached hereto as Exhibit B.

2 10. On October 17, 2012, the United States Patent and Trademark Office
3 issued a Reexamination Certificate for the '737 patent, canceling Claim 5 and
4 adding new Claim 13, which is substantially identical to former claim 5. A true
5 and correct copy of the Reexamination Certificate is attached hereto as Exhibit C.

6 COUNT ONE

7 **INFRINGEMENT OF THE '108 PATENT BY DEFENDANT**

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

10 12. The accused products include but are not limited to Defendant's Flash
11 Memory Storage products including but not limited to its iNAND (eMMC)
12 products, Compact Flash card products, microSD card products, SD card products,
13 USB products, mSATA SSD products, SATA SSD products, and/or NAND
14 Controller products. The primary and substantial purpose of the accused products
15 is to write to and store data in electronic format in non-volatile flash memory.

16 13. Defendant has directly and indirectly infringed and is directly and
17 indirectly infringing Claim 1 of the '108 patent in violation of 35 U.S.C. § 271, *et*
18 *seq.*, by making, using, offering for sale, selling in the United States and/or
19 importing into the United States without authority, the accused products identified
20 above. Claim 1 of the '108 patent teaches a method of memory management for a
21 non-volatile storage medium. The method comprises several steps, which generally
22 involves, without limitation, writing electronic data segments from volatile,
23 temporary memory to a non-volatile, long-term storage medium by linking data
24 segments according to a number of specified steps.

25 14. Plaintiff alleges that at least as of the date of the filing of the
26 originally filed complaint in this matter, if not sooner, Defendant knew or should
27 have known of the existence of Claim 1 of the '108 patent and the fact that the
28 accused products infringe said Claim 1.

1 15. Plaintiff alleges that Defendant sold, sells, offers to sell, ships, or
2 otherwise delivers the accused products to customers or end-users with all the
3 features required to infringe Claim 1 of the '108 patent. Upon information and
4 belief, Defendant knows that the accused products infringe Claim 1 of the '108
5 patent and intends to induce third parties to include its customers and end-users to
6 also infringe Claim 1 of the '108 patent.

7 16. Upon information and belief, the accused products, alone or in
8 combination with other products, directly or, alternatively, under the doctrine of
9 equivalents practice each of the limitations of independent Claim 1 of the '108
10 patent when they are used for their normal and intended purpose of writing to and
11 storing electronic data on non-volatile memory. Thus, Defendant directly infringes
12 Claim 1 of the '108 patent in violation of 35 U.S.C. § 271(a) when it demonstrates,
13 tests or otherwise uses the accused products in the United States.

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

23 18. Defendant also provides operating manuals, installation guides,
24 support forums, how-to videos, user or guides, instructional, or other instructional
25 and/or informational material that instruct customers and end-users on how to
26 connect the accused products and use them as non-volatile storage devices for
27 electronic data. Among other things, Defendant's informational materials lay out
28 step-by-step instructions on how to write data into the memory of the accused

1 products – a process that utilizes the method disclosed in Claim 1 of the '108
 2 patent and which Defendant knows (at the least as of the filing of the original
 3 complaint if not sooner) infringes the method taught in Claim 1 of the '108 patent.
 4 Plaintiff believes that Defendant directs consumers and end-users to consult and
 5 utilize such instructional material.

6 19. Plaintiff believes and thereupon alleges that Defendant is aware that
 7 its customers and end-users are using the accused products in an infringing manner
 8 based on, among other things, the fact that Defendant encourages its customers and
 9 end-users to use the accused products in an infringing manner as set forth in the
 10 preceding Paragraphs.

11 20. By way of example, certain website(s) and/or the Defendant's own
 12 website publish the Defendant's descriptions of the specifications, features and
 13 functionality of the accused products which disclose the use of the accused
 14 products. Examples can be found on the Internet¹ where, upon information and
 15 belief, consumers and end-users are provided information concerning how to use
 16 of the accused products in a way that infringes Claim 1. Such conduct evidences
 17 Defendant's act of indirect infringement of Claim 1 of the '108 patent.

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

- 22 a. The accused products infringe Claim 1 during the normal use of
- 23 the accused products by Defendant's customers and/or end-users;

24
 25 ¹ See, e.g.:

26 <http://downloads.sandisk.com/downloads/um/ssddashboard-um-en.pdf>

27 <http://www.youtube.com/user/SANDISK/videos>

28 http://kb.sandisk.com/app/answers/detail/a_id/312/kw/garbage%20collection

http://kb.sandisk.com/app/answers/detail/a_id/8145/kw/garbage%20collection

- b. Defendant 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. Defendant has acted in a manner that encourages and continues to 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 Defendant knows or should have known would cause them to infringe the '108 patent;
- d. Defendant 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. Defendant provides operating manuals, guides, instructional and/or informational videos, or other instructional and/or informational material designed to instruct customers and end-users to use the products in an infringing manner; and,
- f. Defendant advertises, markets, and promotes the use of the accused products in an infringing manner.

22. As alleged above, incorporated herewith, and based upon information and belief, Plaintiff alleges that Defendant 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 Defendant's customers and/or end-users;
- b. Defendant 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;

- 1 c. Defendant imports into the United States, sells and/or offers to
 2 sell within the United States products that (a) practice the method
 3 of memory management of Claim 1 of the '108 patent; and, (b)
 4 Defendant knows that the same constitute material infringing
 5 component(s) of the accused products, which were made and/or
 6 especially adapted for use in the accused products;
- 7 d. The memory management component(s) and methods of the
 8 accused products are not staple articles of commerce suitable for
 9 substantial non-infringing use with respect to the '108 patent; and,
- 10 e. Defendant sells, has sold, and/or has supplied the accused
 11 products knowing of Plaintiff's '108 patent and knowing that the
 12 accused products incorporate Plaintiff's patented method and/or
 13 were specially adapted for use in a way which infringes the '108
 14 patent.

15 23. As alleged above, Plaintiff alleges that Defendant had notice of the
 16 '108 patent and knowledge of infringement of Claim 1 of the '108 patent since at
 17 least the filing of the original complaint in this matter, if not sooner. Defendant has
 18 and continues to sell products that practice the '108 patent after acquiring
 19 knowledge of infringement.

20 **COUNT TWO**

21 **INFRINGEMENT OF THE '737 PATENT BY DEFENDANT**

22 24. Plaintiff re-alleges and incorporates by reference each of the
 23 allegations set forth in paragraphs 1 through 23 above.

24 25. Upon information and belief, Defendant, without authority, (a) has
 25 directly infringed and continue to directly infringe the '737 patent by making,
 26 using, offering to sell, or selling within the United States, or importing into the
 27 United States, products that practice one ore more claims of the '737 patent in
 28 violation of 35 U.S.C. § 271(a); (b) has induced and continue to induce

1 infringement of one or more claims of the '737 patent in violation of 35 U.S.C. §
2 271(b); and (c) has contributed and continue to contribute to the infringement of
3 one ore more claims of the '737 patent in violation of 35 U.S.C. § 271(c).

4 26. The accused products for purposes of the '737 patent include but are
5 not limited to the SanDisk Extreme Pro, Extreme, Ultra, Standard, and Wireless
6 SD and microSD cards; "CompactFlash" cards; "Memory Stick" cards; and any
7 other SanDisk removable flash memory modules/chips that incorporate a
8 microcontroller.

9 27. The accused products, alone or in combination with other products,
10 practice each of the limitations of independent claims 1, 4, 9, and 13, and
11 dependent claims 2 through 3 and 6 of the '737 patent.

12 28. Upon information and belief, Defendant, without authority, has
13 actively induced infringement and continues to actively induce infringement of the
14 '737 patent in violation of 35 U.S.C. § 271(b) by causing others to directly infringe
15 the claims of the '737 patent and/or by intentionally instructing others how to use
16 the accused products in a manner that infringes the claims of the '737 patent. On
17 information and belief, Defendant has induced and continues to induce
18 infringement by instructing customers to operate the products in an infringing
19 manner and/or when Defendant tests or otherwise operates the accused products in
20 the United States.

21 29. Upon information and belief, Defendant, without authority, has
22 contributed to and continues to contribute to the infringement of the '737 patent in
23 violation of 35 U.S.C. § 271(c) by importing into the United States, selling and/or
24 offering to sell within the United States accused products that (1) constitute a
25 material part of the invention of the '737 patent, (2) Defendant knows to be
26 especially adapted for use in infringing the '737 patent, and (3) are not staple
27 articles of commerce suitable for substantial noninfringing use with respect to the
28 '737 patent.

30. Based on information and belief, Plaintiff alleges that Defendant sells, ships, or otherwise delivers the accused products with all the features required to infringe the asserted claims of the '737 patent. On information and belief, these products are designed to practice the infringing features.

31. Defendant had knowledge of infringement of the '737 patent since at least the filing of this complaint and perhaps as early as 2010 by virtue of the Plaintiff's filing of complaints against others within Defendant's industry. On information and belief, Defendant has continued to sell products that practice the '737 patent after acquiring knowledge of infringement.

32. Upon information and belief, the infringement by Defendant has been and is willful.

33. Plaintiff has been irreparably harmed by these acts of infringement and has no adequate remedy at law. Upon information and belief, infringement of the '737 patent is ongoing and will continue unless Defendant is enjoined from further infringement by the court.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment as follows:

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

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 27 ,2015

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

DEMAND FOR JURY TRIAL

Plaintiff hereby demands a trial by jury on all claims.

HANDAL & ASSOCIATES

Dated: March 27, 2015

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

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 27th day of March, 2015 at San Diego, California.

HANDAL & ASSOCIATES

Dated: March 27, 2015

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