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e.Digital Corporation

8
9 **UNITED STATES DISTRICT COURT**
10 **SOUTHERN DISTRICT OF CALIFORNIA**

11 e.Digital Corporation,
12
13 Plaintiff,

14 v.

15 Grundig Intermedia GmbH; GBS North
America L.L.C. dba Grundig Business
16 Systems; Smoltz Distributing, Inc.,
17 Defendants.

Case No. '12CV2696 JAH MDD

**COMPLAINT FOR PATENT
INFRINGEMENT**

DEMAND FOR JURY TRIAL

18
19 Plaintiff e.Digital Corporation ("e.Digital" or "Plaintiff"), by and through its undersigned
20 counsel, complains and alleges against Grundig Intermedia GmbH and GBS North America
21 L.L.C. dba Grundig Business Systems (collectively, "Grundig"); and Smoltz Distributing, Inc.
22 ("Smoltz") (collectively, "Defendants") as follows:

23 **NATURE OF THE ACTION**

24 1. This is a civil action for infringement of a patent arising under the laws of the
25 United States relating to patents, 35 U.S.C. § 101, *et seq.*, including, without limitation, § 281.
26 Plaintiff e.Digital seeks a preliminary and permanent injunction and monetary damages for the
27 infringement of its U.S. Patent Nos. 5,839,108; 5,842,170; 5,742,737; and 5,491,774.
28

1 **JURISDICTION AND VENUE**

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

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

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

23 **PARTIES**

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

26 6. Upon information and belief, Defendant Grundig is a company registered and
27 lawfully existing under the laws of the Germany, with an office and principal place of business
28 located at Beuthener Straße 41, D-90471 Nürnberg, Germany.

7. Upon information and belief, Defendant GBS North America LLC is a company registered and lawfully existing under the laws of the State of Delaware, with an office and principal place of business located at 525 W. Monroe Street, Suite 2360, Chicago, IL 60661.

8. Upon information and belief, Defendant Smoltz is a company registered and lawfully existing under the laws of the State of Michigan, with an office and principal place of business located at 33431 N. 64th Place, Scottsdale, Arizona 85266.

THE ASSERTED PATENTS

9. On November 17, 1998, United States Patent No. 5,839,108 (“the ’108 patent”) entitled “Flash Memory File System In A Handheld Record And Playback Device,” was duly and legally issued by the United States Patent and Trademark Office. The named inventors are Norbert P. Daberko and Richard K. Davis. 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.

10. On November 24, 1998, United States Patent No. 5,842,170 (“the ’170 patent”) entitled “Method For Editing In 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 ’170 patent and has the right to bring this suit for damages and other relief. A true and correct copy of the ’170 patent is attached hereto as Exhibit B.

11. 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 attached hereto as Exhibit C.

12. On October 17, 2012, the United States Patent and Trademark Office issued a Reexamination Certificate for the '737 patent, canceling Claim 5 and adding new Claim 13,

1 which is substantially identical to former claim 5. A true and correct copy of the Reexamination
2 Certificate is attached hereto as Exhibit D.

3 13. On February 13, 1996, United States Patent No. 5,491,774 (“the ‘774 patent”)
4 entitled “Handheld Record And Playback Device With Flash Memory,” was duly and legally
5 issued by the United States Patent and Trademark Office. The named inventors are Elwood G.
6 Norris, Norbert P. Daberko, and Steven T. Brightbill. e.Digital is the assignee and owner of the
7 entire right, title and interest in and to the ’774 patent and has the right to bring this suit for
8 damages and other relief. A true and correct copy of the ’774 patent is attached hereto as Exhibit
9 E.

10 14. On August 14, 2012, the United States Patent and Trademark Office issued a
11 Reexamination Certificate for the ’774 patent. A true and correct copy of the Reexamination
12 Certificate is attached hereto as Exhibit F.

13 COUNT ONE

14 **INFRINGEMENT OF THE ’108 PATENT BY DEFENDANTS**

15 15. Plaintiff re-alleges and incorporates by reference each of the allegations set forth
16 above.

17 16. Upon information and belief, Defendants, without authority, (a) have directly
18 infringed and continue to directly infringe the ’108 patent by making, using, offering to sell, or
19 selling within the United States, or importing into the United States, products that practice claim
20 5 of the ’108 patent in violation of 35 U.S.C. § 271(a); (b) have induced and continue to induce
21 infringement of claim 5 of the ’108 patent in violation of 35 U.S.C. § 271(b); and (c) have
22 contributed and continue to contribute to the infringement of claim 5 of the ’108 patent in
23 violation of 35 U.S.C. § 271(c).

24 17. The accused products for purposes of the ’108 patent include but are not limited
25 to Grundig voice recorders/dictation devices, including, but not limited to, the Digta 7 series
26 dictation devices.

27 18. The accused products, alone or in combination with other products, practice each
28 of the limitations of independent claim 5 of the ’108 patent.

1 19. Upon information and belief, Defendants, without authority, have actively
2 induced and continue to actively induce infringement of claim 5 of the '108 patent in violation of
3 35 U.S.C. § 271(b) by causing others to directly infringe the claims of the '108 patent and/or by
4 intentionally instructing others how to use the accused products in a manner that infringes claim
5 5 of the '108 patent. Plaintiff also alleges that Defendants have induced and continue to induce
6 infringement by instructing customers to operate the products in an infringing manner and/or
7 when Defendants test or otherwise operate the accused products in the United States.

8 20. Upon information and belief, Defendants, without authority, have contributed and
9 continue to contribute to the infringement of claim 5 of the '108 patent in violation of 35 U.S.C.
10 § 271(c) by importing into the United States, selling and/or offering to sell within the United
11 States accused products that (1) embody and constitute a material part of the invention of the
12 '108 patent, (2) Defendants knows to be especially adapted for use in infringing the '108 patent,
13 and (3) are not staple articles of commerce suitable for substantial non-infringing use with
14 respect to the '108 patent.

15 21. Based on information and belief, Plaintiff alleges that Defendants sell, ship or
16 otherwise deliver the accused products with all the features required to infringe the asserted
17 claims of the '108 patent. On information and belief, these products are designed to implement
18 the infringing features.

19 22. Upon information and belief, certain of these products manufactured by
20 Defendant have been and/or are currently sold and/or offered for sale at, among other places, the
21 business known as All Makes Office Machines located at 4895 Savannah Street, San Diego
22 California 92110 and/or sold online at the All Makes Office Machines website at [www.all-](http://www.all-makes.com)
23 [makes.com](http://www.all-makes.com) to consumers including but not limited to consumers located within the State of
24 California.

25 23. Defendants had knowledge of infringement of the '108 patent since at least the
26 filing of this complaint and perhaps as early as 2010 by virtue of the Plaintiff's filing of
27 complaints against others within Defendants' industry. On information and belief, Defendants
28 have continued to sell products that practice the '108 patent after acquiring knowledge of

1 infringement.

2 24. Upon information and belief, the infringement by Defendants has been and is
3 willful.

4 25. Plaintiff has been irreparably harmed by these acts of infringement and has no
5 adequate remedy at law. Upon information and belief, infringement of the '108 patent is
6 ongoing and will continue unless Defendants are enjoined from further infringement by the
7 court.

8 **COUNT TWO**

9 **INFRINGEMENT OF THE '170 PATENT BY DEFENDANTS**

10 26. Plaintiff re-alleges and incorporates by reference each of the allegations set forth
11 in paragraphs 1 through 14 above.

12 27. Upon information and belief, Defendants, without authority, (a) have directly
13 infringed and continue to directly infringe the '170 patent by making, using, offering to sell, or
14 selling within the United States, or importing into the United States, products that practice one
15 ore more claims of the '170 patent in violation of 35 U.S.C. § 271(a); (b) have induced and
16 continue to induce infringement of one or more claims of the '170 patent in violation of 35
17 U.S.C. § 271(b); and (c) have contributed and continue to contribute to the infringement of one
18 ore more claims of the '170 patent in violation of 35 U.S.C. § 271(c).

19 28. The accused products for purposes of the '170 patent include but are not limited
20 to Grundig voice recorders/dictation devices, including, but not limited to, the Digta 7 and Digta
21 422 series dictation devices.

22 29. The accused products, alone or in combination with other products, practice each
23 of the limitations of independent claims 1 and 7, and dependent claims 2 through 4 and 8 through
24 12 of the '170 patent.

25 30. Upon information and belief, Defendants, without authority, have actively
26 induced infringement and continue to actively induce infringement of the '170 patent in violation
27 of 35 U.S.C. § 271(b) by causing others to directly infringe the claims of the '170 patent and/or
28 by intentionally instructing others how to use the accused products in a manner that infringes the

1 claims of the '170 patent. On information and belief, Defendants have induced and continue to
2 induce infringement by instructing customers to operate the products in an infringing manner
3 and/or when Defendants test or otherwise operate the accused products in the United States.

4 31. Upon information and belief, Defendants, without authority, have contributed to
5 and continue to contribute to the infringement of the '170 patent in violation of 35 U.S.C. §
6 271(c) by importing into the United States, selling and/or offering to sell within the United States
7 accused products that (1) constitute a material part of the invention of the '170 patent, (2)
8 Defendant knows to be especially adapted for use in infringing the '170 patent, and (3) are not
9 staple articles of commerce suitable for substantial noninfringing use with respect to the '170
10 patent.

11 32. Based on information and belief, Plaintiff alleges that Defendants sell, ship or
12 otherwise deliver the accused products with all the features required to infringe the asserted
13 claims of the '170 patent. On information and belief, these products are designed to implement
14 the infringing features.

15 33. Upon information and belief, certain of these products manufactured by
16 Defendant have been and/or are currently sold and/or offered for sale at, among other places, the
17 business known as All Makes Office Machines located at 4895 Savannah Street, San Diego
18 California 92110 and/or sold online at the All Makes Office Machines website at www.all-
19 makes.com to consumers including but not limited to consumers located within the State of
20 California.

21 34. Defendants had knowledge of infringement of the '170 patent since at least the
22 filing of this complaint and perhaps as early as 2010 by virtue of the Plaintiff's filing of
23 complaints against others within Defendants' industry. On information and belief, Defendants
24 have continued to sell products that practice the '170 patent after acquiring knowledge of
25 infringement.

26 35. Upon information and belief, the infringement by Defendants has been and is
27 willful.

28 36. Plaintiff has been irreparably harmed by these acts of infringement and has no

adequate remedy at law. Upon information and belief, infringement of the '170 patent is ongoing and will continue unless Defendants are enjoined from further infringement by the court.

COUNT THREE

INFRINGEMENT OF THE '737 PATENT BY DEFENDANT

37. Plaintiff re-alleges and incorporates by reference each of the allegations set forth in paragraphs 1 through 14 above.

38. Upon information and belief, Defendants, without authority, (a) have directly infringed and continue to directly infringe the '737 patent by making, using, offering to sell, or selling within the United States, or importing into the United States, products that practice one or more claims of the '737 patent in violation of 35 U.S.C. § 271(a); (b) have induced and continue to induce infringement of one or more claims of the '737 patent in violation of 35 U.S.C. § 271(b); and (c) have contributed and continue to contribute to the infringement of one or more claims of the '737 patent in violation of 35 U.S.C. § 271(c).

39. The accused products for purposes of the '737 patent include but are not limited to the Grundig Digta 7, Digta 422 and Diginotice dictation series devices and the Grundig Mpixx series mp3/mp4/video players.

40. The accused products, alone or in combination with other products, practice each of the limitations of independent claims 1, 4, 9, 11, and 13, and dependent claims 2 through 3, 6, 8, 10, and 12 of the '737 patent.

41. Upon information and belief, Defendants, without authority, have actively induced infringement and continue to actively induce infringement of the '737 patent in violation of 35 U.S.C. § 271(b) by causing others to directly infringe the claims of the '737 patent and/or by intentionally instructing others how to use the accused products in a manner that infringes the claims of the '737 patent. On information and belief, Defendants have induced and continue to induce infringement by instructing customers to operate the products in an infringing manner and/or when Defendants test or otherwise operate the accused products in the United States.

42. Upon information and belief, Defendants, without authority, have contributed to

1 and continue to contribute to the infringement of the '737 patent in violation of 35 U.S.C. §
2 271(c) by importing into the United States, selling and/or offering to sell within the United States
3 accused products that (1) constitute a material part of the invention of the '737 patent, (2)
4 Defendant knows to be especially adapted for use in infringing the '737 patent, and (3) are not
5 staple articles of commerce suitable for substantial noninfringing use with respect to the '737
6 patent.

7 43. Based on information and belief, Plaintiff alleges that Defendants sell, ship, or
8 otherwise deliver the accused products with all the features required to infringe the asserted
9 claims of the '737 patent. On information and belief, these products are designed to practice the
10 infringing features.

11 44. Upon information and belief, certain of these products manufactured by
12 Defendant have been and/or are currently sold and/or offered for sale at, among other places, the
13 business known as All Makes Office Machines located at 4895 Savannah Street, San Diego
14 California 92110 and/or sold online at the All Makes Office Machines website at www.all-
15 makes.com to consumers including but not limited to consumers located within the State of
16 California.

17 45. Defendants had knowledge of infringement of the '737 patent since at least the
18 filing of this complaint and perhaps as early as 2010 by virtue of the Plaintiff's filing of
19 complaints against others within Defendants' industry. On information and belief, Defendants
20 have continued to sell products that practice the '737 patent after acquiring knowledge of
21 infringement.

22 46. Upon information and belief, the infringement by Defendants has been and is
23 willful.

24 47. Plaintiff has been irreparably harmed by these acts of infringement and has no
25 adequate remedy at law. Upon information and belief, infringement of the '737 patent is
26 ongoing and will continue unless Defendants are enjoined from further infringement by the
27 court.

28 ///

1 **COUNT FOUR**

2 **INFRINGEMENT OF THE '774 PATENT BY DEFENDANT**

3 48. Plaintiff re-alleges and incorporates by reference each of the allegations set forth
4 in paragraphs 1 through 14 above.

5 49. Upon information and belief, Defendants, without authority, (a) have directly
6 infringed and continue to directly infringe the '774 patent by making, using, offering to sell, or
7 selling within the United States, or importing into the United States, products that practice one
8 ore more claims of the '774 patent in violation of 35 U.S.C. § 271(a); (b) have induced and
9 continue to induce infringement of one or more claims of the '774 patent in violation of 35
10 U.S.C. § 271(b); and (c) have contributed and continue to contribute to the infringement of one
11 ore more claims of the '774 patent in violation of 35 U.S.C. § 271(c).

12 50. The accused products for purposes of the '774 patent include but are not limited
13 to the Grundig Digta 7 and Digta 422 series dictation devices and the Grundig Mpixx series
14 mp3/mp4/video players.

15 51. The accused products, alone or in combination with other products, practice each
16 of the limitations of independent claims 33 and 34, and dependent claims 2, 6 through 8, 10
17 through 11, 15 through 16, 18, 23 through 27, and 28 through 32 of the '774 patent.

18 52. Upon information and belief, Defendants, without authority, have actively
19 induced infringement and continue to actively induce infringement of the '774 patent in violation
20 of 35 U.S.C. § 271(b) by causing others to directly infringe the claims of the '774 patent and/or
21 by intentionally instructing others how to use the accused products in a manner that infringes the
22 claims of the '774 patent. On information and belief, Defendants have induced and continue to
23 induce infringement by instructing customers to operate the products in an infringing manner
24 and/or when Defendants test or otherwise operate the accused products in the United States.

25 53. Upon information and belief, Defendants, without authority, have contributed to
26 and continue to contribute to the infringement of the '774 patent in violation of 35 U.S.C. §
27 271(c) by importing into the United States, selling and/or offering to sell within the United States
28 accused products that (1) constitute a material part of the invention of the '774 patent, (2)

1 Defendant knows to be especially adapted for use in infringing the '774 patent, and (3) are not
2 staple articles of commerce suitable for substantial noninfringing use with respect to the '774
3 patent.

4 54. Based on information and belief, Plaintiff alleges that Defendants sell, ship, or
5 otherwise deliver the accused products with all the features required to infringe the asserted
6 claims of the '774 patent. On information and belief, these products are designed to practice the
7 infringing features.

8 55. Upon information and belief, certain of these products manufactured by
9 Defendant have been and/or are currently sold and/or offered for sale at, among other places, the
10 business known as All Makes Office Machines located at 4895 Savannah Street, San Diego
11 California 92110 and/or sold online at the All Makes Office Machines website at www.all-
12 makes.com to consumers including but not limited to consumers located within the State of
13 California.

14 56. Defendants had knowledge of infringement of the '774 patent since at least the
15 filing of this complaint and perhaps as early as 2010 by virtue of the Plaintiff's filing of
16 complaints against others within Defendants' industry. On information and belief, Defendants
17 have continued to sell products that practice the '774 patent after acquiring knowledge of
18 infringement.

19 57. Upon information and belief, the infringement by Defendants has been and is
20 willful.

21 58. Plaintiff has been irreparably harmed by these acts of infringement and has no
22 adequate remedy at law. Upon information and belief, infringement of the '774 patent is
23 ongoing and will continue unless Defendants are enjoined from further infringement by the
24 court.

25 **PRAYER FOR RELIEF**

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

- 27 1. That Defendants be declared to have infringed the Patents-in-Suit;
28 2. That Defendants' infringement of the Patents-in-Suit has been deliberate and

1 willful;

2 3. Preliminarily and permanently enjoining the Defendants, their officers, agents,
3 servants, employees, and attorneys, and those persons in active concert or participation with
4 them, from infringement of the Patents-in-Suit, including but not limited to any making, using,
5 offering for sale, selling, or importing of unlicensed infringing products within and without the
6 United States;

7 4. Compensation for all damages caused by Defendants' infringement of the Patents-
8 in-Suit to be determined at trial;

9 5. Enhancing Plaintiff's damages up to three (3) times their amount pursuant to 35
10 U.S.C. § 284;

11 6. Granting Plaintiff pre- and post-judgment interest on its damages, together with
12 all costs and expenses; and

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

14 **HANDAL & ASSOCIATES**

15
16 Dated: November 5, 2012

By: /s/ Gabriel G. Hedrick

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

DEMAND FOR JURY TRIAL

Plaintiff hereby demands a trial by jury on all claims.

HANDAL & ASSOCIATES

Dated: November 5, 2012

By: /s/ Gabriel G. Hedrick

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