

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

7 Attorneys for Plaintiff
e.Digital Corporation
8

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

11 e.Digital Corporation,
12
13 Plaintiff,

14 v.

15 Mach Speed Technologies, LLC; J&R
Electronics, Inc.; Sears Holdings Corporation;
16 Kmart Corporation; Sears, Roebuck and Co.;
and RadioShack Corporation;

17
18 Defendants.
19

Case No. **'12CV2877 BEN BLM**

**COMPLAINT FOR PATENT
INFRINGEMENT**

DEMAND FOR JURY TRIAL

20 Plaintiff e.Digital Corporation (“e.Digital” or “Plaintiff”), by and through its undersigned
21 counsel, complains and alleges against Mach Speed Technologies, LLC (“Mach Speed”); J&R
22 Electronics, Inc. (“J&R”); Sears Holdings Corporation, Kmart Corporation and Sears, Roebuck
23 & Co. (collectively, “Sears”); RadioShack Corporation (“RadioShack”) (collectively,
24 “Defendants”) as follows:

25 **NATURE OF THE ACTION**

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

1 infringement of its U.S. Patent Nos. 5,742,737 and 5,491,774.

2 **JURISDICTION AND VENUE**

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

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

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

24 **PARTIES**

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

27 6. Upon information and belief, Defendant Mach Speed is a company registered and
28 lawfully existing under the laws of the State of Delaware, with an office and principal place of

1 business located at 300 E. Arlington, Suite 3, Ada, Oklahoma 74820.

2 7. Upon information and belief, Defendant J & R is a corporation registered and
3 lawfully existing under the laws of the State of New York, with an office and principal place of
4 business located at 23 Park Row, New York, New York, 10038. Upon information and belief,
5 certain of the products manufactured by Mach Speed have been and/or are currently sold and/or
6 offered for sale at, among other places, the J & R Electronics Inc. website located at
7 www.jr.com.

8 8. Upon information and belief, Defendant Sears Holdings Company is a company
9 registered and lawfully existing under the laws of the State of Delaware, with an office and
10 principal place of business located at 3333 Beverly Road, Hoffman Estates, Illinois 60179.
11 Upon information and belief, Sears Holdings Company is the parent company of Kmart
12 Corporation and Sears, Roebuck & Co.

13 9. Upon information and belief, Kmart Corporation is a company registered and
14 lawfully existing under the laws of the State of Michigan, with an office and principal place of
15 business located at 3333 Beverly Road, Hoffman Estates, Illinois 60179. Upon information and
16 belief, certain of the products manufactured by Mach Speed have been and/or are currently sold
17 and/or offered for sale at, among other places, the Kmart's website located at www.kmart.com
18 and at the Kmart store located at 8730 Rio San Diego Drive, San Diego, California 92108.

19 10. Upon information and belief, Sears, Roebuck & Co. is a company registered and
20 lawfully existing under the laws of the State of New York, with an office and principal place of
21 business located at 3333 Beverly Road, Hoffman Estates, Illinois 60179. Upon information and
22 belief, certain of the products manufactured by Mach Speed have been and/or are currently sold
23 and/or offered for sale at, among other places, the Sears' website located at www.sears.com and
24 at the Sears store located at 4575 La Jolla Village Drive, San Diego, California 92122.

25 11. Upon information and belief, Defendant RadioShack is a company registered and
26 lawfully existing under the laws of the State of Delaware, with an office and principal place of
27 business located at 300 RadioShack Circle, Fort Worth, Texas 76102. Upon information and
28 belief, certain of the products manufactured by Mach Speed have been and/or are currently sold

1 and/or offered for sale at, among other places, the RadioShack's website located at
2 www.radioshack.com.

3 **THE ASSERTED PATENTS**

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

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

15 14. On February 13, 1996, United States Patent No. 5,491,774 ("the '774 patent")
16 entitled "Handheld Record And Playback Device With Flash Memory," was duly and legally
17 issued by the United States Patent and Trademark Office. The named inventors are Elwood G.
18 Norris, Norbert P. Daberko, and Steven T. Brightbill. e.Digital is the assignee and owner of the
19 entire right, title and interest in and to the '774 patent and has the right to bring this suit for
20 damages and other relief. A true and correct copy of the '774 patent is attached hereto as Exhibit
21 C.

22 15. On August 14, 2012, the United States Patent and Trademark Office issued a
23 Reexamination Certificate for the '774 patent. A true and correct copy of the Reexamination
24 Certificate is attached hereto as Exhibit D.

25 **COUNT ONE**

26 **INFRINGEMENT OF THE '737 PATENT BY DEFENDANTS**

27 16. Plaintiff re-alleges and incorporates by reference each of the allegations set forth
28 in paragraphs 1 through 15 above.

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

8 18. The accused products for purposes of the '737 patent include but are not limited
9 to the A1000 series, Chrome series, and Trio series mp3/mp4 players; and the Trio series tablets.

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

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

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

27 22. Based on information and belief, Plaintiff alleges that Defendants sell, ship, or
28 otherwise deliver the accused products with all the features required to infringe the asserted

1 claims of the '737 patent. On information and belief, these products are designed to practice the
2 infringing features.

3 23. Defendants had knowledge of infringement of the '737 patent since at least the
4 filing of this complaint and perhaps as early as 2010 by virtue of the Plaintiff's filing of
5 complaints against others within Defendants' industry. On information and belief, Defendants
6 have continued to sell products that practice the '737 patent after acquiring knowledge of
7 infringement.

8 24. Upon information and belief, the infringement by Defendants has been and is
9 willful.

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

13 COUNT TWO

14 **INFRINGEMENT OF THE '774 PATENT BY DEFENDANTS**

15 26. Plaintiff re-alleges and incorporates by reference each of the allegations set forth
16 in paragraphs 1 through 15 above.

17 27. Upon information and belief, Defendants, without authority, (a) have directly
18 infringed and continue to directly infringe the '774 patent by making, using, offering to sell, or
19 selling within the United States, or importing into the United States, products that practice one
20 ore more claims of the '774 patent in violation of 35 U.S.C. § 271(a); (b) have induced and
21 continue to induce infringement of one or more claims of the '774 patent in violation of 35
22 U.S.C. § 271(b); and (c) have contributed and continue to contribute to the infringement of one
23 ore more claims of the '774 patent in violation of 35 U.S.C. § 271(c).

24 28. The accused products for purposes of the '774 patent include but are not limited
25 to the Trio series mp3/mp4 players; and the Trio series tablets.

26 29. The accused products, alone or in combination with other products, practice each
27 of the limitations of independent claims 33 and 34, and dependent claims 2, 6 through 8, 10, 15
28 through 16, 18, 23 through 26, and 28 through 31 of the '774 patent.

1 30. Upon information and belief, Defendants, without authority, have actively
2 induced infringement and continues to actively induce infringement of the '774 patent in
3 violation of 35 U.S.C. § 271(b) by causing others to directly infringe the claims of the '774
4 patent and/or by intentionally instructing others how to use the accused products in a manner that
5 infringes the claims of the '774 patent. On information and belief, Defendants have induced and
6 continue to induce infringement by instructing customers to operate the products in an infringing
7 manner and/or when Defendants test or otherwise operate the accused products in the United
8 States.

9 31. Upon information and belief, Defendants, without authority, have contributed to
10 and continue to contribute to the infringement of the '774 patent in violation of 35 U.S.C. §
11 271(c) by importing into the United States, selling and/or offering to sell within the United States
12 accused products that (1) constitute a material part of the invention of the '774 patent, (2)
13 Defendants know to be especially adapted for use in infringing the '774 patent, and (3) are not
14 staple articles of commerce suitable for substantial noninfringing use with respect to the '774
15 patent.

16 32. Based on information and belief, Plaintiff alleges that Defendants sell, ship, or
17 otherwise deliver the accused products with all the features required to infringe the asserted
18 claims of the '774 patent. On information and belief, these products are designed to practice the
19 infringing features.

20 33. Defendants had knowledge of infringement of the '774 patent since at least the
21 filing of this complaint and perhaps as early as 2010 by virtue of the Plaintiff's filing of
22 complaints against others within Defendants' industry. On information and belief, Defendants
23 have continued to sell products that practice the '774 patent after acquiring knowledge of
24 infringement.

25 34. Upon information and belief, the infringement by Defendants has been and is
26 willful.

27 35. Plaintiff has been irreparably harmed by these acts of infringement and has no
28 adequate remedy at law. Upon information and belief, infringement of the '774 patent is

1 ongoing and will continue unless Defendant is enjoined from further infringement by the court.

2 **PRAYER FOR RELIEF**

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

- 4 1. That Defendants be declared to have infringed the Patents-in-Suit;
- 5 2. That Defendants' infringement of the Patents-in-Suit has been deliberate and
6 willful;
- 7 3. Preliminarily and permanently enjoining the Defendants' officers, agents,
8 servants, employees, and attorneys, and those persons in active concert or participation with
9 them, from infringement of the Patents-in-Suit, including but not limited to any making, using,
10 offering for sale, selling, or importing of unlicensed infringing products within and without the
11 United States;
- 12 4. Compensation for all damages caused by Defendants' infringement of the Patents-
13 in-Suit to be determined at trial;
- 14 5. Enhancing Plaintiff's damages up to three (3) times their amount pursuant to 35
15 U.S.C. § 284;
- 16 6. Granting Plaintiff pre- and post-judgment interest on its damages, together with
17 all costs and expenses; and
- 18 7. Awarding such other relief as this Court may deem just and proper.

19 **HANDAL & ASSOCIATES**

20 Dated: December 4, 2012

21 By: /s/ Gabriel G. Hedrick

22 Anton N. Handal
23 Gabriel G. Hedrick
24 Pamela C. Chalk
25 Attorneys for Plaintiff
26 e.Digital Corporation

DEMAND FOR JURY TRIAL

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

Plaintiff hereby demands a trial by jury on all claims.

HANDAL & ASSOCIATES

Dated: December 4, 2012

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