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8

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

12 e.Digital Corporation,
13 Plaintiff,
14 v.

15 MiTAC Digital Corporation; MiTAC
International Corp.; TD Associates, LLC aka
16 eCommerce Outdoors dba TigerGPS.com,
LLC; Newegg, Inc.; Backcountry.com, Inc. dba
17 Backcountrycorp.com; Best Buy Co., Inc.; Best
Buy Stores, L.P.; Best Buy.Com LLC; J & R
18 Electronics Inc.; Sears Holdings Corporation;
Sears, Roebuck and Co.; Buy.com Inc.,
19

20 Defendants.
21

Case No. '12CV2997 AJB RBB

**COMPLAINT FOR PATENT
INFRINGEMENT**

DEMAND FOR JURY TRIAL

22 Plaintiff e.Digital Corporation (“e.Digital” or “Plaintiff”), by and through its undersigned
23 counsel, complains and alleges against MiTAC Digital Corporation and MiTAC International
24 Corp. (collectively, “MiTAC”); TD Associates, LLC aka eCommerce Outdoors dba
25 TigerGPS.com, LLC (“TigerGPS”); Newegg, Inc. (“Newegg”); Backcountry.com, Inc. dba
26 Backcountrycorp.com (“Backcountry”); Best Buy Co., Inc., Best Buy Stores, L.P. and Best
27 Buy.Com LLC (collectively, “Best Buy”); J & R Electronics Inc. (“J&R”); Sears Holdings
28

1 Corporation and Sears, Roebuck and Co. (collectively, “Sears”); and Buy.com Inc. (“Buy.com”)
2 (collectively, “Defendants”) as follows:

3 **NATURE OF THE ACTION**

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

8 **JURISDICTION AND VENUE**

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

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

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

1 Southern District of California.

2 **PARTIES**

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

5 6. Upon information and belief, Defendant MiTAC Digital Corporation is a
6 company registered and lawfully existing under the laws of the State of California, with an office
7 and principal place of business located at 471 El Camino Real, Santa Clara, California 95050.

8 7. Upon information and belief, Defendant MiTAC International Corp. is a company
9 registered and lawfully existing under the laws of the Republic of China (Taiwan), with an office
10 and principal place of business located at No. 200 Wen Hwa 2nd Road, Kuei Shan Hsiang,
11 Taoyuan, Taiwan, R.O.C.

12 8. Upon information and belief, Defendant TigerGPS is a company registered and
13 lawfully existing under the laws of the State of New Jersey, with an office and principal place of
14 business located at 6825 Tilton Road, Building C, Egg Harbor Township, New Jersey 08234.
15 Upon information and belief, certain of the products manufactured by MiTAC have been and/or
16 are currently sold and/or offered for sale at, among other places, the TigerGPS website located at
17 www.tigerGPS.com.

18 9. Upon information and belief, Defendant Newegg is a company registered and
19 lawfully existing under the laws of the State of Delaware, with an office and principal place of
20 business located at 16839 E. Gale Avenue, City of Industry, California 91745. Upon information
21 and belief, certain of the products manufactured by MiTAC have been and/or are currently sold
22 and/or offered for sale at, among other places, the Newegg website located at www.newegg.com.

23 10. Upon information and belief, Defendant Backcountry is a company registered and
24 lawfully existing under the laws of the State of Utah, with an office and principal place of
25 business located at 2607 South 3200 West, Suite A, West Valley City, Utah 84119. Upon
26 information and belief, certain of the products manufactured by MiTAC have been and/or are
27 currently sold and/or offered for sale at, among other places, the Back Country website located at
28 www.backcountrycorp.com.

1 11. Upon information and belief, Defendant Best Buy Co., Inc. is a company
2 registered and lawfully existing under the laws of the State of Minnesota, with an office and
3 principal place of business located at 7601 Penn Avenue South, Richfield, Minnesota 55423.

4 12. Upon information and belief, Defendant Best Buy Stores L.P. is a limited
5 partnership registered and lawfully existing under the laws of the State of Virginia, with an office
6 and principal place of business located at 7601 Penn Avenue South, Richfield, Minnesota 55423.
7 Upon information and belief, certain of the products manufactured by MiTAC have been and/or
8 are currently sold and/or offered for sale at, among other places, the Best Buy store located at,
9 among other places, 5151 Mission Center Rd, San Diego, California 92108.

10 13. Upon information and belief, Defendant Best Buy.Com LLC is a limited liability
11 company registered and lawfully existing under the laws of the State of Virginia, with an office
12 and principal place of business located at 7601 Penn Avenue South, Richfield, Minnesota 55423.
13 Upon information and belief, certain of the products manufactured by MiTAC have been and/or
14 are currently sold and/or offered for sale at, among other places, the Best Buy website located at
15 www.bestbuy.com.

16 14. Upon information and belief, Defendant J&R is a corporation registered and
17 lawfully existing under the laws of the State of New York, with an office and principal place of
18 business located at 23 Park Row, New York, New York, 10038. Upon information and belief,
19 certain of the products manufactured by MiTAC have been and/or are currently sold and/or
20 offered for sale at, among other places, the J&R website located at www.jr.com.

21 15. Upon information and belief, Defendant Sears Holdings Company is a company
22 registered and lawfully existing under the laws of the State of Delaware, with an office and
23 principal place of business located at 3333 Beverly Road, Hoffman Estates, Illinois 60179.
24 Upon information and belief, Sears Holdings Company is the parent company of Sears, Roebuck
25 & Co.

26 16. Upon information and belief, Sears, Roebuck & Co. is a company registered and
27 lawfully existing under the laws of the State of New York, with an office and principal place of
28 business located at 3333 Beverly Road, Hoffman Estates, Illinois 60179. Upon information and

1 belief, certain of the products manufactured by MiTAC have been and/or are currently sold
2 and/or offered for sale at, among other places, the Sears' website located at www.sears.com and
3 at the Sears store located at 4575 La Jolla Village Drive, San Diego, California 92122.

4 17. Upon information and belief, Defendant Buy.com is a company registered and
5 lawfully existing under the laws of the State of Delaware, with an office and principal place of
6 business located at 85 Enterprise, Suite 100, Aliso Viejo, California 92656. Upon information
7 and belief, certain of the products manufactured by MiTAC have been and/or are currently sold
8 and/or offered for sale at, among other places, the Buy.com website located at www.buy.com.

9 **THE ASSERTED PATENTS**

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

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

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

28 21. On August 14, 2012, the United States Patent and Trademark Office issued a

1 Reexamination Certificate for the '774 patent. A true and correct copy of the Reexamination
2 Certificate is attached hereto as Exhibit D.

3 **COUNT ONE**

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

5 22. Plaintiff re-alleges and incorporates by reference each of the allegations set forth
6 in paragraphs 1 through 21 above.

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

14 24. The accused products for purposes of the '737 patent include but are not limited
15 to the Magellan eXplorer, Magellan Triton, Navman MY 60T/65T/75T series, Navman MiVue
16 338/358 series, Navman MY Escape series, Navman MY 80T/85XLT/90XLT and Navman EZY
17 15/45 series GPS navigation products and video recorders.

18 25. The accused products, alone or in combination with other products, practice each
19 of the limitations of independent claims 1, 4, 9, 11, and 13, and dependent claims 3, 6 and 8 of
20 the '737 patent

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

28 27. 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 Defendants know 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 28. 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 29. Defendants had knowledge of infringement of the '737 patent since at least the
12 filing of this complaint and perhaps as early as 2010 by virtue of the Plaintiff's filing of
13 complaints against others within Defendants' industry. On information and belief, Defendants
14 have continued to sell products that practice the '737 patent after acquiring knowledge of
15 infringement.

16 30. Upon information and belief, the infringement by Defendants has been and is
17 willful.

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

21 COUNT TWO

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

23 32. Plaintiff re-alleges and incorporates by reference each of the allegations set forth
24 in paragraphs 1 through 21 above.

25 33. Upon information and belief, Defendants, without authority, (a) have directly
26 infringed and continue to directly infringe the '774 patent by making, using, offering to sell, or
27 selling within the United States, or importing into the United States, products that practice one
28 ore more claims of the '774 patent in violation of 35 U.S.C. § 271(a); (b) have induced and

1 continue to induce infringement of one or more claims of the '774 patent in violation of 35
2 U.S.C. § 271(b); and (c) have contributed and continue to contribute to the infringement of one
3 ore more claims of the '774 patent in violation of 35 U.S.C. § 271(c).

4 34. The accused products for purposes of the '774 patent include but are not limited
5 to the Magellan eXplorer, Magellan Triton, Navman MY 60T/65T/75T series, Navman MiVue
6 338/358 series, Navman MY Escape series, Navman MY 80T/85XLT/90XLT and Navman EZY
7 15/45 series GPS navigation products and video recorders.

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

11 36. Upon information and belief, Defendants, without authority, have actively
12 induced infringement and continues to actively induce infringement of the '774 patent in
13 violation of 35 U.S.C. § 271(b) by causing others to directly infringe the claims of the '774
14 patent and/or by intentionally instructing others how to use the accused products in a manner that
15 infringes the claims of the '774 patent. On information and belief, Defendants have induced and
16 continue to induce infringement by instructing customers to operate the products in an infringing
17 manner and/or when Defendants test or otherwise operate the accused products in the United
18 States.

19 37. Upon information and belief, Defendants, without authority, have contributed to
20 and continue to contribute to the infringement of the '774 patent in violation of 35 U.S.C. §
21 271(c) by importing into the United States, selling and/or offering to sell within the United States
22 accused products that (1) constitute a material part of the invention of the '774 patent, (2)
23 Defendants know to be especially adapted for use in infringing the '774 patent, and (3) are not
24 staple articles of commerce suitable for substantial noninfringing use with respect to the '774
25 patent.

26 38. Based on information and belief, Plaintiff alleges that Defendants sell, ship, or
27 otherwise deliver the accused products with all the features required to infringe the asserted
28 claims of the '774 patent. On information and belief, these products are designed to practice the

1 infringing features.

2 39. Defendants had knowledge of infringement of the '774 patent since at least the
3 filing of this complaint and perhaps as early as 2010 by virtue of the Plaintiff's filing of
4 complaints against others within Defendants' industry. On information and belief, Defendants
5 have continued to sell products that practice the '774 patent after acquiring knowledge of
6 infringement.

7 40. Upon information and belief, the infringement by Defendants has been and is
8 willful.

9 41. Plaintiff has been irreparably harmed by these acts of infringement and has no
10 adequate remedy at law. Upon information and belief, infringement of the '774 patent is
11 ongoing and will continue unless Defendant is enjoined from further infringement by the court.

12 **PRAYER FOR RELIEF**

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

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

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HANDAL & ASSOCIATES

Dated: December 17, 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

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Plaintiff hereby demands a trial by jury on all claims.

HANDAL & ASSOCIATES

Dated: December 17, 2012

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