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13 AMERICA, INC., SHINHAN DIAMOND
14 INDUSTRIAL CO., LTD., and DITEQ
15 CORPORATION

16 UNITED STATES DISTRICT COURT
17 CENTRAL DISTRICT OF CALIFORNIA

18 SHINHAN DIAMOND AMERICA,
19 INC., SHINHAN DIAMOND
20 INDUSTRIAL CO., LTD., and DITEQ
21 CORPORATION,

22 Plaintiffs,

23 v.

24 DR. JAMES SUNG and DIAMIND USA,
25 LLC,

26 Defendants.

Case No.: 2:14-CV-00530

**COMPLAINT FOR
DECLARATORY JUDGMENT
RE ALLEGED PATENT
INFRINGEMENT**

DEMAND FOR JURY TRIAL

27 Plaintiffs Shinhan Diamond America, Inc. (“Shinhan America”), Shinhan
28 Diamond Industrial Co., Ltd. (“Shinhan”), and Diteq Corporation (“Diteq”)
(collectively, “Plaintiffs”) bring this declaratory judgment action against Defendant

1 Dr. James Sung (“Sung”) and Defendant DiaMind USA, LLC (“DiaMind”)
 2 (collectively, “Defendants”), and aver as follows:

3 NATURE OF ACTION

4 This is a civil action under the Declaratory Judgment Act, 28 U.S.C. §§ 2201
 5 and 2202, for the resolution of an existing patent conflict between Plaintiffs and
 6 Defendants. The underlying dispute arises under the Patent Laws of the United
 7 States, 35 U.S.C. § 1, *et seq.* Specifically, Plaintiffs seek declaratory relief with
 8 respect to United States Patent Nos. 6,039,641 C1 (“the ’641 patent”); 6,286,498
 9 C1 (“the ’498 patent”); 6,679,243 C1 (“the ’243 patent”); 6,193,770 (“the ’770
 10 patent”); and 7,124,753 (“the ’753 patent”) (collectively, the “Patents-in-Suit”).

11 THE PATENTS-IN-SUIT

12 1. On March 21, 2000, the United States Patent and Trademark Office
 13 (“PTO”) issued U.S. Patent No. 6,039,641 entitled, “Braze Diamond Tools by
 14 Infiltration.” The PTO subsequently issued an Ex Parte Reexamination Certificate,
 15 Number U.S. 6,039,641 C1, on July 19, 2005. A true and correct copy of the ’641
 16 patent is attached to this Complaint as **Exhibit A**.

17 2. On September 11, 2001, the PTO issued U.S. Patent No. 6,286,498
 18 entitled, “Metal Bond Diamond Tools that Contain Uniform or Patterned
 19 Distribution of Diamond Grits and Method of manufacture Thereof.” The PTO
 20 subsequently issued an Ex Parte Reexamination Certificate, Number U.S. 6,286,498
 21 C1, on June 15, 2004. A true and correct copy of the ’498 patent is attached to this
 22 Complaint as **Exhibit B**.

23 3. On January 20, 2004, the PTO issued U.S. Patent No. 6,679,243
 24 entitled, “Braze Diamond Tools and Methods for Making.” The PTO
 25 subsequently issued an Ex Parte Reexamination Certificate, Number U.S. 6,679,243
 26 C1, on January 23, 2007. A true and correct copy of the ’243 patent is attached to
 27 this Complaint as **Exhibit C**.
 28

1 and belief, DiaMind held all rights and interest in the Patents-in-Suit from
2 January 8, 2013 to October 23, 2013, and retains the right to collect any damages
3 resulting from any pre-October 23, 2013 infringement of the Patents-in-Suit.

4 12. DiaMind, as the holder of the rights to any infringement damages
5 regarding the Patents-in-Suit occurring before October 23, 2013, is a necessary
6 party in order to alleviate all of Plaintiffs' reasonable apprehension of Defendants'
7 claims of infringement.

8 13. On January 8, 2013, Sung assigned the Patents-in-Suit to DiaMind,
9 including the right to seek and recover past damages. Specifically, the assignment
10 conveyed the entire right, title and interest in the Patents-in-Suit "including any and
11 all past, present, and future causes of action...and rights to damages and profits,
12 due or accrued, relating to any of the foregoing, including the right to sue and
13 recover for, and the right to profits and damages, due or accrued, arising out of or in
14 connection with, any and all past, present or future infringement." A true and
15 correct copy of the assignment is attached to this Complaint as **Exhibit F**.

16 14. On October 18 and 23, 2013, DiaMind purported to assign "entire
17 right, title and interest" in the Patents-in-Suit to Sung, but the assignment did not
18 convey any right to recover past damages. As a result, DiaMind retained such
19 rights. True and correct copies of the assignments are attached to this Complaint as
20 **Exhibits G-H**.

21 **PERSONAL JURISDICTION AND VENUE**

22 15. This Court has personal jurisdiction over Sung because Sung has
23 established minimum contacts with the forum and the exercise of jurisdiction over
24 Sung would not offend traditional notions of fair play and substantial justice.
25 Among other things, on information and belief, Sung owns and is the General
26 Manager of DiaMind, a California company, and regularly conducts business in
27 California, including business specifically related to the Patents-in-Suit, at least as
28 follows:

- a. Sung has accused Diteq, a California corporation, of infringing the Patents-in-Suit;
- b. Sung owns and operates a California company, DiaMind; and
- c. Sung entered into numerous transactions involving the Patents-in-Suit with DiaMind, a California company.

16. The Court has personal jurisdiction over DiaMind, at least because DiaMind is a limited liability company organized under the laws of California.

17. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391 in that a substantial part of the acts giving rise to the claim occurred in this judicial district, and because Sung is subject to personal jurisdiction in this judicial district.

SUBJECT MATTER JURISDICTION

18. This is a civil action involving allegations of patent infringement arising under the patent laws of the United States, Title 35 of the United States Code, in which Plaintiffs seek declaratory relief under the Declaratory Judgment Act. Thus, the Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1338, 2201, and 2202. This action includes one or more claims for declaratory judgment of patent non-infringement and invalidity as to the Patents-in-Suit, arising under the patent laws of the United States, Title 35 of the United States Code.

19. An actual controversy exists between Plaintiffs and Defendants by virtue of Sung's assertion that products manufactured, imported, sold and/or offered for sale by Shinhan, Shinhan America, and Diteq infringe the Patents-in-Suit. For example, Sung filed an action against Shinhan and Diteq in the Western District of Missouri—captioned *Dr. James Sung v. Shinhan Diamond Industrial Co., Ltd., et al.*, Case No. 13-cv-1072 (W.D. Mo. November 1, 2013) (“Missouri Action”)—alleging that the ARIX product line infringes the Patents-in-Suit. A true and correct copy of the Missouri Action complaint is attached hereto as **Exhibit I**. Plaintiffs make, import, sell and/or offer for sale the ARIX product line in the United States,

1 including in the Central District of California. In the Missouri Action, Sung did not
2 join Shinhan America, nor was he joined by DiaMind as a plaintiff in that action.
3 As such, the present suit is the first filed that involves all of the parties necessary to
4 resolve the dispute regarding the Patents-in-Suit among the parties. Defendants in
5 the Missouri Action assert that the case's lack of ties to that forum makes it an
6 inconvenient forum within the meaning of 28 U.S.C. § 1404 and that the case
7 should be transferred to this District.

8 20. Plaintiffs deny infringement and/or assert that the Patents-in-Suit are
9 invalid, and contend that they maintain the right to engage in making, using,
10 offering to sell, and selling the ARIX product line, without license from
11 Defendants.

12 21. Plaintiffs therefore seek declaratory relief as alleged more fully below.

13 **FIRST CLAIM FOR RELIEF**
14 **(Declaratory Judgment of Non-Infringement of U.S. Patent No. 6,039,641 C1)**

15 22. Plaintiffs re-allege and incorporate by reference paragraphs 1 through
16 21, inclusive.

17 23. Plaintiffs have not and do not make, use, offer for sale, sell, import, or
18 export a method, device, or apparatus that infringes, either directly, contributorily,
19 or by inducement, any valid and enforceable claim of the '641 patent, either
20 literally or under the doctrine of equivalents.

21 24. There is an actual controversy, within the meaning of 28 U.S.C. §§
22 2201 and 2202, between Plaintiffs and Defendants concerning the non-infringement
23 of the '641 patent.

24 25. Plaintiffs are entitled to a declaratory judgment that they do not
25 infringe, either directly, contributorily, or by inducement, any valid and enforceable
26 claim of the '641 patent, either literally or under the doctrine of equivalents.

1 **SECOND CLAIM FOR RELIEF**
2 **(Declaratory Judgment of Invalidity of U.S. Patent No. 6,039,641 C1)**

3 26. Plaintiffs re-allege and incorporate by reference paragraphs 1 through
4 21, inclusive.

5 27. Defendants contend that the '641 patent is valid.

6 28. Plaintiffs deny Defendants' contention and allege that one or more
7 claims of the '641 patent is invalid for failure to meet at least one of the conditions
8 of patentability specified in Title 35 of the United States Code.

9 29. An actual controversy thus exists between Plaintiffs and Defendants as
10 to the validity of the claims of the '641 patent.

11 30. Accordingly, Plaintiffs seek and are entitled to a judgment against
12 Defendants that one or more claims of the '641 patent is invalid.

13 **THIRD CLAIM FOR RELIEF**
14 **(Declaratory Judgment of Non-Infringement of U.S. Patent No. 6,286,498 C1)**

15 31. Plaintiffs re-allege and incorporate by reference paragraphs 1 through
16 21, inclusive.

17 32. Plaintiffs have not and do not make, use, offer for sale, sell, import, or
18 export a method, device, or apparatus that infringes, either directly, contributorily,
19 or by inducement, any valid and enforceable claim of the '498 patent, either
20 literally or under the doctrine of equivalents.

21 33. There is an actual controversy, within the meaning of 28 U.S.C. §§
22 2201 and 2202, between Plaintiffs and Defendants concerning the non-infringement
23 of the '498 patent.

24 34. Plaintiffs are entitled to a declaratory judgment that they do not
25 infringe, either directly, contributorily, or by inducement, any valid and enforceable
26 claim of the '498 patent, either literally or under the doctrine of equivalents.

FOURTH CLAIM FOR RELIEF
(Declaratory Judgment Invalidity of U.S. Patent No. 6,286,498 C1)

35. Plaintiffs re-allege and incorporate by reference paragraphs 1 through 21, inclusive.

36. Defendants contend that the '498 patent is valid.

37. Plaintiffs deny Defendants' contention and allege that one or more claims of the '498 patent is invalid for failure to meet at least one of the conditions of patentability specified in Title 35 of the United States Code.

38. An actual controversy thus exists between Plaintiffs and Defendants as to whether the claims of the '498 patent are valid.

39. Accordingly, Plaintiffs seek and are entitled to a judgment against Defendants that one or more claims of the '498 patent is invalid.

FIFTH CLAIM FOR RELIEF
(Declaratory Judgment of Non-Infringement of U.S. Patent No. 6,679,243 C1)

40. Plaintiffs re-allege and incorporate by reference paragraphs 1 through 21, inclusive.

41. Plaintiffs have not and do not make, use, offer for sale, sell, import, or export a method, device, or apparatus that infringes, either directly, contributorily, or by inducement, any valid and enforceable claim of the '243 patent, either literally or under the doctrine of equivalents.

42. There is an actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, between Plaintiffs and Defendants concerning the non-infringement of the '243 patent.

43. Plaintiffs are entitled to a declaratory judgment that they do not infringe, either directly, contributorily, or by inducement, any valid and enforceable claim of the '243 patent, either literally or under the doctrine of equivalents.

1 **SIXTH CLAIM FOR RELIEF**
2 **(Declaratory Judgment of Invalidity of U.S. Patent No. 6,679,243 C1)**

3 44. Plaintiffs re-allege and incorporate by reference paragraphs 1 through
4 21, inclusive.

5 45. Defendants contend that the '243 patent is valid.

6 46. Plaintiffs deny Defendants' contention and allege that one or more
7 claims of the '243 patent is invalid for failure to meet at least one of the conditions
8 of patentability specified in Title 35 of the United States Code.

9 47. An actual controversy thus exists between Plaintiffs and Defendants as
10 to whether the claims of the '243 patent are valid.

11 48. Accordingly, Plaintiffs seek and are entitled to a judgment against
12 Defendants that one or more claims of the '243 patent is invalid.

13 **SEVENTH CLAIM FOR RELIEF**
14 **(Declaratory Judgment of Non-Infringement of U.S. Patent No. 6,193,770)**

15 49. Plaintiffs re-allege and incorporate by reference paragraphs 1 through
16 21, inclusive.

17 50. Plaintiffs have not and do not make, use, offer for sale, sell, import, or
18 export a method, device, or apparatus that infringes, either directly, contributorily,
19 or by inducement, any valid and enforceable claim of the '770 patent, either
20 literally or under the doctrine of equivalents.

21 51. There is an actual controversy, within the meaning of 28 U.S.C. §§
22 2201 and 2202, between Plaintiffs and Defendants concerning the non-infringement
23 of the '770 patent.

24 52. Plaintiffs are entitled to a declaratory judgment that they do not
25 infringe, either directly, contributorily, or by inducement, any valid and enforceable
26 claim of the '770 patent, either literally or under the doctrine of equivalents.

EIGHTH CLAIM FOR RELIEF
(Declaratory Judgment of Invalidity of U.S. Patent No. 6,193,770)

53. Plaintiffs re-allege and incorporate by reference paragraphs 1 through 21, inclusive.

54. Defendants contend that the '770 patent is valid.

55. Plaintiffs deny Defendants' contention and allege that one or more claims of the '770 patent is invalid for failure to meet at least one of the conditions of patentability specified in Title 35 of the United States Code.

56. An actual controversy thus exists between Plaintiffs and Defendants as to whether the claims are '770 patent are valid.

57. Accordingly, Plaintiffs seek and are entitled to a judgment against Defendants that one or more claims of the '770 patent is invalid.

NINTH CLAIM FOR RELIEF
(Declaratory Judgment of Non-Infringement of U.S. Patent No. 7,124,753)

58. Plaintiffs re-allege and incorporate by reference paragraphs 1 through 21, inclusive.

59. Plaintiffs have not and do not make, use, offer for sale, sell, import, or export a method, device, or apparatus that infringes, either directly, contributorily, or by inducement, any valid and enforceable claim of the '753 patent, either literally or under the doctrine of equivalents.

60. There is an actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, between Plaintiffs and Defendants concerning the non-infringement of the '753 patent.

61. Plaintiffs are entitled to a declaratory judgment that they do not infringe, either directly, contributorily, or by inducement, any valid and enforceable claim of the '753 patent, either literally or under the doctrine of equivalents.

TENTH CLAIM FOR RELIEF
(Declaratory Judgment of Invalidity of U.S. Patent No. 7,124,753)

62. Plaintiffs re-allege and incorporates by reference paragraphs 1 through 21, inclusive.

63. Defendants contends that the '753 patent is valid.

64. Plaintiffs deny Defendants' contention and allege that one or more claims of the '753 patent is invalid for failure to meet at least one of the conditions of patentability specified in Title 35 of the United States Code.

65. An actual controversy thus exists between Plaintiffs and Defendants as to whether the claims of the '753 patent are valid.

66. Accordingly, Plaintiffs seek and are entitled to a judgment against Defendants that one or more claims of the '753 patent is invalid.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for a declaration from this Court and judgment against Defendants as follows:

1. That Plaintiffs do not infringe, have not infringed, directly or indirectly, and are not liable for any infringement of any valid claim of the '641 patent;
2. That one or more claims of the '641 patent is invalid;
3. That Plaintiffs do not infringe, have not infringed, directly or indirectly, and are not liable for any infringement of any valid claim of the '498 patent;
4. That one or more claims of the '498 patent is invalid;
5. That Plaintiffs do not infringe, have not infringed, directly or indirectly, and are not liable for any infringement of any valid claim of the '243 patent;
6. That one or more claims of the '243 patent is invalid;
7. That Plaintiffs do not infringe, have not infringed, directly or

indirectly, and are not liable for any infringement of any valid claim of the '770 patent;

8. That one or more claims of the '770 patent is invalid;

9. That Plaintiffs do not infringe, have not infringed, directly or indirectly, and are not liable for any infringement of any valid claim of the '753 patent;

10. That one or more claims of the '753 patent is invalid;

11. That this case is exceptional under 35 U.S.C. § 285;

12. That Plaintiffs are entitled to an award of their attorneys' fees and costs;

13. For such other and further relief as this Court deems just, reasonable, and proper.

DEMAND FOR JURY TRIAL

Pursuant to Local Rule 38-1 and Fed. R. Civ. P. 38, Plaintiffs demand trial by jury on all issues and claims so triable.

Dated: January 22, 2014

FENWICK & WEST LLP

By: /s/ Darryl M. Woo

Darryl M. Woo

Attorneys for Shinhan Diamond America, Inc., Shinhan Diamond Industrial Co., Ltd., and Diteq Corporation