

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ENOVA TECHNOLOGY CORPORATION,)
)
Plaintiff,)
v.) C.A. No. _____
)
SEAGATE TECHNOLOGY (US) HOLDING,) **DEMAND FOR JURY TRIAL**
INC. and SEAGATE TECHNOLOGY LLC,)
)
Defendants.)
)
)
)

COMPLAINT

Plaintiff Enova Technology Corporation hereby alleges for its Complaint against Defendants Seagate Technology (US) Holdings, Inc. and Seagate Technology LLC as follows:

PARTIES

1. Plaintiff Enova Technology Corporation (“Enova”) is a corporation organized and existing under the laws of Taiwan, Republic of China, with its principal place of business in Hsin-Chu City, Taiwan, Republic of China.

2. Upon information and belief, Defendant Seagate Technology (US) Holdings, Inc. is a corporation incorporated under the laws of the State of Delaware and has a principal place of business at 10200 South De Anza Boulevard, Cupertino, California 95014.

3. Upon information and belief, Seagate Technology (US) Holdings, Inc. is a corporate parent of Seagate Technology LLC.

4. Upon information and belief, Seagate Technology LLC is a limited liability company organized and existing under the laws of the state of Delaware, with its principal place of business in Cupertino, California. Upon information and belief, Seagate Technology LLC develops, manufactures, imports, offers for sale and sells certain products, including hard disk

drives, for consumers in the United States including in the District of Delaware.

5. Defendant Seagate Technology (US) Holdings, Inc. and Defendant Seagate Technology LLC are herein collectively referred to as “Seagate.”

JURISDICTION

6. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338, in that this is a civil action for patent infringement arising under the patent laws of the United States, Title 35, United States Code.

7. This Court has personal jurisdiction over Defendants because they have committed and continue to commit acts of direct and indirect patent infringement in this District as alleged in this Complaint. Furthermore, this Court has personal jurisdiction over Seagate Technology (US) Holdings, Inc. and Seagate Technology LLC by virtue of their incorporation in Delaware.

VENUE

8. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391 and 1400.

FACTUAL BACKGROUND

9. Enova is the current assignee, and the sole and exclusive owner of all right, title and interest in United States Patent No. 7,136,995 (“the ’995 patent”), entitled “Cryptographic Device.” The ’995 patent was duly and legally issued by the United States Patent and Trademark Office (“PTO”) on November 14, 2006. The named inventor of the ’995 patent is Shuning Wann. A copy of the ’995 patent is attached hereto as Exhibit A.

10. Enova is the current assignee, and the sole and exclusive owner of all right, title and interest in United States Patent No. 7,900,057 (the “’057 patent”), entitled “Cryptographic Serial ATA Apparatus and Method.” The ’057 patent was duly and legally issued by the PTO on March 1, 2011. The named inventors of the ’057 patent are Chung-Yen Chiu and Shuning Wann. A copy of the ’057 patent is attached hereto as Exhibit B.

11. The inventions of the ’995 and ’057 patents are directed to technology for encrypting/decrypting storage media, such as disk drives, without materially compromising

overall system performance. Prior to these inventions, encryption technology was too slow, had security vulnerabilities, and impractical for applying to the contents of entire drives.

12. Defendants have ridden on the coattails of Enova's significant investments in R&D and market development by infringing Enova's patents, all to Enova's detriment.

13. In or about April 2000, Mr. Wann founded Enova Technology, which has invested significantly in the technologies covered by the '995 and '057 patents and pioneered the development of ground-breaking products, including a real-time full disk encryption ASIC (Application Specific Integrated Circuit) introduced in February 2002.

14. Enova has also invested heavily in growing the market for such products, which Enova branded "X-Wall." In February 2002, Enova hosted a booth at the annual RSA Conference for the information security industry. Dr. Robert Thibadeau, a computer science professor from Carnegie Mellon University, visited Enova's booth and was impressed by the X-Wall. On information and belief, shortly thereafter, Dr. Thibadeau joined Seagate to head Seagate's security initiative.

15. In spring of 2003, Mr. Wann met with Dr. Thibadeau and members of Seagate's security team in Pittsburgh, Pennsylvania, to explain details on how real-time disk encryption was performed. Additionally, in summer of 2004, Mr. Wann met with members of Seagate's strategic marketing group in Colorado. Seagate expressed a desire to bring hardware encryption products to market with Enova's help. Seagate also indicated that it believed that Enova's hardware encryption technology would help Seagate differentiate its products in the hard drive market.

16. Seagate and Enova entered into a Master Nondisclosure Agreement. Enova continued to educate Seagate about how to implement hardware encryption and how X-Wall ASICs were constructed. By 2005, Seagate asked Enova to help it develop a hardware encryption drive using Enova's technology. Seagate's principal hardware engineer, Monty Forehand, worked with Enova to implement the X-Wall technology in an ASIC design (the "CO"-branded X-Wall product). Seagate used these X-Wall CO ASICs in Seagate's first hardware encryption drives, targeted for mass production in 2006.

17. In April 2005, Seagate began purchasing X-Wall ASICs from Enova. Around that time, Seagate published a “Product Overview” for its hardware encryption drives, to be branded “Momentus.” Seagate touted these drives as featuring “Hardware-Based Full Disc Encryption (FDE),” that is, “Strong, transparent hardware-based data protection that prevents unauthorized access to data on lost or stolen laptops.” Seagate further emphasized “Key Features and Benefits,” including:

- Encrypts all data directly on the drive for worry-free protection
- No disc initialization, installation or configuration is required for the highest convenience and ease of use
- Drives that are stolen, taken out of service, or re-purposed remain fully protected
- Encryption speed matches the throughput of the drive interface for faster performance

18. In June 2005, Seagate entered into a supply agreement with Enova for quantities in the hundreds of thousands or millions of ASICs. Enova continued to work closely with Seagate on developing and testing the Momentus drives. Enova entered into an independent contractor agreement with Seagate to provide additional technical services to Seagate. The independent contractor agreement stated that Enova “is the exclusive owner of certain Intellectual Property relating to the product known as the X-Wall® Chip,” and Seagate acknowledged and agreed “that Enova will retain all rights relating to the Enova Preexisting IP used in connection with the Services. Enova reserves all rights relating to the Enova Preexisting IP.” Knowing this, Mr. Forehand and Seagate engineers asked for and received Enova’s technical assistance and information during the ensuing months about how Enova’s encryption technology operates.

19. Also in June 2005, Seagate announced that it was the “First Major HDD Maker to Deliver Notebook PC Drive With Hardware-Based Full Disc Encryption Security.” Seagate highlighted that its full disk encryption “Delivers Strong, Easy-to-Use Data Security” that would be “increasingly important as thefts of notebooks with sensitive personal and business information continue to rise, with companies incurring millions of dollars of losses in lost or stolen trade secrets and intellectual property and individuals facing the high cost of identity theft.” Seagate further explained that because mobile professionals are “demanding stronger, easier to use

encryption solutions to protect their sensitive information . . . [d]rive manufacturers such as Seagate that can deliver stronger security and higher capacity . . . will be in the sweet spot of market demand for notebooks.”

20. In its June 2005 announcement about its new Momentus 5400 FDE hard drive, Seagate distinguished its “hardware-based Full Disc Encryption (FDE)” from software-based encryption. Seagate said its hardware-based solution provides

strong data protection and requires only a user key to encrypt all data, not just selected files or partitions, on the drive. What's more, Seagate FDE eliminates disc initialization and configuration required by encryption software, and allows hard drive data to be erased instantly so the drive can be redeployed. Seagate FDE puts all security keys and cryptographic operations within the drive, separating them from the operating system to provide greater protection against hacking and tampering than traditional software alternatives, which can give thieves backdoor access to encryption keys and are more vulnerable to viruses.

21. In August 2005, Enova and Seagate continued to have design review meetings in contemplation of Seagate’s further use of X-Wall ASICs in Seagate products. Seagate recognized the competitive objective that “FDE will provide Seagate an opportunity to set the standard in the nascent security technology marketplace, once again distinguishing Seagate from its competition.” Seagate identified key benefits of FDE:

- No installation is required
- User does not need to invest precious time and effort to learn to use the product.
- All data at rest on the drive is encrypted; all data moving to or from the drive is decrypted.
- All data, including programs, hibernation files, and the Operating System are protected with strong encryption technology.
- FDE has no impact on performance in the PC, and minimal performance (less than 5%) on battery life.

Accordingly, Seagate planned to market its FDE products to emphasize these advantages and “value propositions”:

- Ease of use
- Re-purposing of the drive
- Reduced life cycle costs
- Instantaneous key destruction, followed by an automatic generation of a new Key
- Greatly reduced time to remove access to data

- The encryption of ALL data on the drive automatically-without user interaction
- Compatibility with biometrics devices and security subsystems components

22. Enova successfully delivered X-Wall ASICs to Seagate. Mr. Forehand visited Enova the first quarter of 2006 to show off a 100 GB Seagate Momentus drive using the X-Wall encryption ASIC and presented it to Mr. Wann as a gift. Shortly thereafter, Seagate provided a purchase order and forecasts for additional X-Wall ASICs.

23. Seagate continued to exploit FDE functionality as a key selling point of its drives, publishing white papers about FDE, touting FDE in advertisements, and explaining the advantages of Seagate's hardware-based encryption over software-based encryption. In January 2007, a Seagate senior vice president explained in an interview why consumers are willing to pay more for FDE.

24. Seagate's efforts to bring its FDE drives to market were successful because of Enova's key technological assistance and supply of X-Wall ASICs. But Seagate opted to stop buying Enova X-Wall ASICs or to take a license to Enova's technology. Instead, Seagate created infringing Momentus drives that did not use X-Wall ASICs without a license to do so.

25. At the beginning of 2008, Seagate extended Enova's hardware encryption technology to external hard drives, introducing the BlackArmor portable hard drive at the Consumer Electronics Show (CES), which garnered a "Best of CES 2008" award.

26. In February 2011, Seagate "announced that it has shipped more than 1 million self-encrypting laptop and enterprise hard drives." Seagate further explained that "[s]ales of the Seagate® hard drives with built-in encryption continue to surge as more computer makers offer the drives to protect against unauthorized access to sensitive data."

27. Through its infringing conduct, Seagate has been able to promote and sell millions of hardware-based encryption drives while disregarding the substantial royalties that it should have paid for use of Enova's valuable patented technology.

COUNT ONE
(Infringement of Patent No. 7,136,995)

28. Enova re-alleges and incorporates by reference those allegations set forth in

paragraphs 1–28 above.

29. This claim is made under the provisions of the patent laws of the United States.

30. Defendant Seagate has been and still is infringing, and will continue to infringe the '995 patent by making, using, offering to sell, selling, and/or importing into the United States, certain hard disk drives including, but not limited to, models known as Momentus and BlackArmor. The accused Seagate products are sold to manufacturers and/or consumers over the Internet, at retail stores, and through other distribution channels throughout the United States, including Delaware.

31. On information and belief, Seagate became aware of the '995 patent at least as early as 2006.

32. Enova has marked its products with the number of the '995 patent since at least as early as November, 2009.

33. Seagate has actively induced, and continues to induce, the infringement of the '995 patent by actively inducing the making, use, offer for sale, and/or import of the accused Seagate products.

34. Seagate has contributorily infringed, and continues to contributorily infringe, the '995 patent by offering to sell and/or selling within the United States, and/or importing into the United States, a component of a machine, manufacture, combination or composition covered by the '995 patent, constituting a material part of the invention, which is not a staple article or commodity of commerce suitable for substantial non-infringing use. On information and belief, Seagate knows that the component is especially made or especially adapted for use in an infringement of the '995 patent.

35. Seagate has willfully infringed the '995 patent.

36. As a direct and proximate result of Seagate's infringement of the '995 patent, Enova has suffered and will continue to suffer serious irreparable injury and damages in an amount not yet determined for which Enova is entitled to relief.

37. As a direct and proximate result of Seagate's infringement of the '995 patent,

Enova will continue to suffer serious irreparable injury unless Seagate's infringement of the '995 patent is enjoined.

COUNT TWO
(Infringement of Patent No. 7,900,057)

38. Enova re-alleges and incorporates by reference those allegations set forth in paragraphs 1–28 above.

39. This claim is made under the provisions of the patent laws of the United States, 35 U.S.C. § 271 *et seq.*

40. Defendant Seagate has been and still is infringing, and will continue to infringe the '057 patent, by making, using, offering to sell, selling and/or importing into the United States, certain SATA-interface hard disk drives including, but not limited to, models known as Momentum and BlackArmor. The accused Seagate products are sold to manufacturers and/or consumers over the Internet, at retail stores, and through other distribution channels throughout the United States, including Delaware.

41. Enova has marked its products with the number of the '057 patent since at least as early as March of 2011.

42. On information and belief, Seagate became aware of the '057 patent at least as early as April, 2011, when Enova asserted the '057 patent against Seagate's major competitors.

43. Seagate has actively induced, and continues to induce, the infringement of the '057 patent by actively inducing the making, use, offer for sale, and/or import of the accused Seagate products.

44. Seagate has contributorily infringed, and continues to contributorily infringe, the '057 patent by offering to sell and/or selling within the United States, and/or importing into the United States, a component of a machine, manufacture, combination or composition covered by the '057 patent, constituting a material part of the invention, which is not a staple article or commodity of commerce suitable for substantial non-infringing use. On information and belief, Seagate knows that the component is especially made or especially adapted for use in an

infringement of the '057 patent.

45. Seagate has willfully infringed the '057 patent.

46. As a direct and proximate result of Seagate's infringement of the '057 patent, Enova has suffered and will continue to suffer serious irreparable injury and damages in an amount not yet determined for which Enova is entitled to relief.

47. As a direct and proximate result of Seagate's infringement of the '057 patent, Enova will continue to suffer serious irreparable injury unless Seagate's infringement of the '057 patent is enjoined.

DEMAND FOR JURY TRIAL

Enova demands trial by jury on all issues so triable, pursuant to Federal Rule of Civil Procedure 38.

PRAYER FOR RELIEF

WHEREFORE, Enova respectfully requests that this Court enter judgment in its favor against Seagate and grant the following relief:

a. A judgment declaring that Seagate has infringed one or more claims of the '995 and '057 patents in violation of 35 U.S.C. § 271;

b. A preliminary and permanent injunction, pursuant to 35 U.S.C. § 283, enjoining Seagate and their officers, agents, servants, employees, attorneys and all persons in active concert or participation with them, from any further acts of infringement, inducement of infringement, or contributory infringement of the '995 and '057 patents;

c. A judgment, pursuant to 35 U.S.C. § 284, awarding Enova damages adequate to compensate Enova for Seagate's infringement of the '995 and '057 patents, in an amount to be determined at trial, but in no event less than a reasonable royalty;

d. An order, pursuant to 35 U.S.C. § 284, finding that Seagate's infringement has been willful and deliberate and awarding to Enova up to treble damages;

- e. A judgment, pursuant to 35 U.S.C. § 284, awarding Enova interest on the damages and its costs incurred in this action;
- f. An award of pre-judgment and post-judgment interest and costs to Enova pursuant to 35 U.S.C. § 284;
- g. An order, pursuant to 35 U.S.C. § 285, finding that this is an exceptional case and awarding to Enova its reasonable attorneys' fees incurred in this action; and
- h. Such other and further relief as the Court may deem just and proper.

ASHBY & GEDDES

/s/ Tiffany Geyer Lydon

John G. Day (#2403)
Tiffany Geyer Lydon (#3950)
Lauren E. Maguire (#4261)
500 Delaware Avenue, 8th Floor
P.O. Box 1150
Wilmington, DE 19899
(302) 654-1888
jday@ashby-geddes.com
tlydon@ashby-geddes.com
lmauire@ashby-geddes.com

Of Counsel:

Darryl M. Woo
FENWICK & WEST LLP
555 California Street, 12th Floor
San Francisco, CA 94104
(415) 875-2300
dwoo@fenwick.com

*Attorneys for Plaintiff
Enova Technology Corporation*

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