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Apple, Others Settle In PACid Encryption Patent Suit

By **Julie Zeveloff**

Law360, New York (August 06, 2009) -- Research firm The PACid Group LLC has reached settlements with a number of defendants, including Apple Inc. and Thomson Inc., in one of several patent suits that accuse dozens of technology companies of infringing patents related to data encryption.

The company on Wednesday filed consent motions to dismiss claims against Apple and Thomson in the U.S. District Court for the Eastern District of Texas. PACid asked the court to dismiss its claims with prejudice and the defendants' counterclaims as moot, subject to the terms of settlement agreements inked last month.

Each party agreed to pay its own attorney fees and costs. An attorney for PACid said he could not comment on the settlements, and representatives for Apple and Thomson said the companies could not comment on the litigation.

Last week Edimax Computer Co. and Realtek Semiconductor Corp. lodged virtually identical stipulations of dismissal, also pursuant to settlement agreements. Representatives for those companies could not immediately be reached for comment Thursday.

Gateway Inc. was dismissed from the case in May.

The complaint, filed in March, accused a host of technology companies of infringing U.S. Patent Numbers 5,963,646 and 6,049,612. The '646 patent is titled "Secure deterministic encryption, key generator system and method" and issued in 1999.

The '612 patent, titled "File encryption method and system," issued in 2000.

Apple, Dell Inc., Gateway Inc. and the other named defendants infringed the '646 patent by making, using, importing or selling products that employ methods for generating pseudo-random, symmetric encryption keys covered by its claims, PACid alleged.

The encryption keys are used to encrypt and decrypt data transmitted over wireless networks enabled by hardware or software made, used or sold by the defendants, which makes them liable for infringement of the '646 patent, according to the plaintiff.

The alleged infringement of the '612 patent stems from the manufacture, use, import or sale of products that employ methods of protecting information files from unauthorized access covered by one or more of that patent's claims, the suit said.

The complaint said the defendants willfully infringed the '646 and '612 patents and asked the court to enter judgment in PACid's favor, issue a permanent injunction barring the alleged infringement from continuing and award unspecified damages.

Other defendants in the suit include Intel Corp., Broadcom Corp., Toshiba Corp. and Brother Industries Ltd.

In late July PACid lodged its latest round of infringement claims against Cisco Systems Inc. and 30 other firms in the Eastern District of Texas, claiming they infringed the same two patents.

The patent holder also sued a slew of technology companies over the same two patents in December 2008. A number of settlements have been reached in that case, including deals with Nokia Corp., Canon Inc. and 2Wire Inc.

PACid is represented by Russ August & Kabat, Spangler Law PC and Brochstein Law Firm PLLC.

Apple is represented by Albritton Law Firm, and Thomson is represented by Orrick Herrington & Sutcliffe LLP and Findlay Craft LLP.

The case is The PACid Group LLC v. Apple Inc. et al., case number 09-cv-00143, in the U.S. District Court for the Eastern District of Texas.

--Additional reporting by Ben James

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