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Dell Settles PACid Encryption Patent Suit

By **Richard Vanderford**

Law360, New York (September 11, 2009) -- Dell Inc. has opted to settle an encryption patent suit brought by the PACid Group LLC, following the lead of companies including Hewlett-Packard Co. and Apple Inc.

PACid and Dell asked on Wednesday that the U.S. District Court for the Eastern District of Texas dismiss their respective claims and counterclaims with prejudice.

The two reached an agreement to settle the suit on Aug. 20, they said in their joint stipulation.

The terms of the settlement were not disclosed. Attorneys for Dell and PACid did not immediately respond to requests for comment.

Dell joins a blitz of defendants opting for settlement in the suit, which accuses several technology companies of infringing two patents covering encryption technology.

The complaint, filed in March, accused the 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 was issued in 1999. The '612 patent, titled "File encryption method and system," was issued in 2000.

HP, Apple, Broadcom Corp., Gateway Inc. and the other named defendants allegedly 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 said.

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.

HP and Apple have already opted for settlement, along with lower-profile outfits such as Thomson Inc. and Realtek Semiconductor Corp.

PACid also dropped claims against Edimax Computer Co. and a related entity, though it's unclear whether the parties settled or the claims were dropped for another reason.

None of the settling defendants have disclosed the terms of their agreements with PACid.

On the same day as Dell and PACid announced their settlement, PACid dropped its claims against Brother Industries Ltd. and Brother Industries Inc.

That move drops two Brother entities sued in error — claims against Brother International Corp. are still standing, said David Schlitz of Baker Botts, an attorney for Brother.

Other defendants in the suit include Intel Corp., and Atheros Communications Inc.

In late July, PACid lodged a separate 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.

Attorneys from Jones Day represented Dell Inc. in this matter.

Attorneys from Russ August & Kabat, Spangler Law PC and Brochstein Law Firm PLLC represent the PACid Group.

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 Liz McKenzie

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