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## Sharp, PACid Call Truce Over Encryption Patents

By **Samuel Howard**

Law360, New York (December 14, 2009) -- Encryption technology research outfit the PACid Group LLC has come to terms with Sharp Corp., one of the last defendants in a sweeping infringement suit over two data encryption patents.

PACid and Sharp on Friday asked Judge Leonard Davis of the U.S. District Court for the Eastern District of Texas to dismiss the electronics giant from the suit in light of a settlement.

Each side will bear its own litigation expenses, and all claims and counterclaims are to be dismissed with prejudice, though other details of the agreement were not revealed.

The parties proposed the settlement just days after the court extended discovery deadlines, designating Monday as the due date for infringement contentions and disclosures.

In December 2008, PACid filed suit against some 30 electronics companies, alleging each made and sold products that infringed the two patents — U.S. Patent Numbers 5,963,646, titled “Secure deterministic encryption, key generator system and method,” and 6,049,612, titled “File encryption method and system” — by either “generating pseudorandom, symmetric encryption keys” or “protecting information files from unauthorized access.”

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 the companies liable for infringement of the patents, according to the suit.

Representatives for Sharp and for PACid could not immediately be reached for comment Monday.

Sharp’s path to settlement has been well-worn by droves of other defendants, including Nokia Corp., NEC Corp. and Panasonic Corp. of North America.

PACid has broadly asserted the data encryption patents, filing suit in March against another 19 defendants, including Apple Inc., Dell Inc., Gateway Inc. and Hewlett-Packard Co.

Earlier in December, PACid resolved claims against Siemens AG and several defendants associated with the Munich-based electronics and engineering giant accused of infringing the two patents.

The patents-in-suit are U.S. Patent Numbers 5,963,646 and 6,049,612.

PACid is represented by Spangler Law PC and Russ August & Kabat.

Sharp is represented by Gibson Dunn & Crutcher LLP.

The case is The PACid Group LLC v. 2Wire Inc. et al., case number 6:08-cv-00498, in the U.S. District Court for the Eastern District of Texas.

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