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Office Supplier Dismissed From PACid Data Patent Suit

By **Erin Coe**

Law360, New York (January 11, 2010) -- Brother International Corp., a provider of office appliances, is the latest defendant to exit The PACid Group LLC's case accusing several technology companies of violating data encryption patents.

Judge Leonard Davis of the U.S. District Court for the Eastern District of Texas signed off on BIC and PACid's stipulated bid to toss all claims raised in the suit with prejudice and all counterclaims as moot, according to an order filed Friday.

The order and the stipulated motion did not mention whether a settlement agreement had been reached, and attorneys representing the parties did not respond to requests seeking comment.

The judge also ordered BIC and PACid to take care of their own attorneys' fees and costs.

Claims against BIC's Japan-based parent company, Brother Industries Ltd., and its affiliate, Brother Industries USA Inc., were dismissed without prejudice from PACid's case in September.

The dismissal of BIC comes on the heels of the dismissal of Toshiba Corp. and its unit, Toshiba America Information Systems, last week from the suit after Toshiba and PACid struck a settlement deal in November.

PACid initiated the suit in March, accusing Apple Inc., Broadcom Corp., Hewlett-Packard Co. and other defendants 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.

The defendants allegedly infringed the '646 patent by making, using, importing or selling products that employ methods for generating pseudorandom, 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, Apple, Dell Inc. and Gateway Inc. already have opted for settlement, along with lower-profile outfits such as Lenovo Inc., Thomson Inc. and Realtek Semiconductor Corp., among others.

The settling defendants have not disclosed the terms of their agreements with PACid.

The suit continues against Broadcom, Intel Corp., Marvell Semiconductor Inc. and Atheros Communications Inc.

In 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. After a number of settlements were reached in that case with Nokia Corp., Canon Inc., 2Wire Inc. and others, the case was closed in December 2009.

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

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

Attorneys from Baker Botts LLP and Capshaw DeRieux LLP represented BIC.

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 and Richard Vanderford