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Qualcomm Cuts Deal In PACid Data Encryption IP Suit

By **Liz McKenzie**

Law360, New York (April 09, 2010) -- Qualcomm Inc. has become the latest defendant to exit a suit brought by PACid Group LLC accusing dozens of technology companies of infringing two patents related to data encryption.

Judge Leonard Davis of the U.S. District Court for the Eastern District of Texas on Tuesday dismissed Qualcomm from the suit, following the parties' March 24 agreement to settle.

Attorneys for PACid and Qualcomm could not immediately be reached for comment.

The Qualcomm settlement is the latest in a string of deals PACid has garnered in the suit.

In March, network security company Aruba Networks Inc. agreed to settle, with each side covering its own attorneys' fees.

Siemens AG and several defendants associated with the Munich-based electronics and engineering giant were dismissed from the case in December after reaching a settlement.

That dismissal came a few weeks after the court allowed PACid to drop claims against a group of Alcatel-Lucent USA Inc. entities and consolidate the action with a related case that had targeted only Alcatel-Lucent.

The plaintiff said at the time that it no longer wanted to prosecute claims against seven Alcatel-Lucent defendants after learning from opposing counsel that the entities were no longer operating or did not engage in the activities needed to prove patent infringement.

PACid filed suit against Qualcomm, Aruba Networks, Alcatel-Lucent, Cisco Systems Inc., Texas Instruments Inc., Siemens and dozens of other companies in July, seeking damages, interest and associated costs.

The defendants allegedly infringe 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."

They infringe the '646 patent by making, using, importing or selling products that employ methods for generating pseudorandom, symmetric encryption keys covered by its claims, PACid claims.

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 suit.

The 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 complaint contends.

The two patents have also been asserted against a series of companies in other infringement actions.

PACid filed a lawsuit in March 2009 against 19 defendants, including Apple Inc., Dell Inc., Intel Corp., Broadcom Corp. and Hewlett-Packard Co., alleging infringement of the encryption technology.

HP, Dell, Apple, Lenovo Inc., Thomson Inc. and Realtek Semiconductor Corp. are among several defendants that have opted for settlement in that matter.

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

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

Qualcomm is represented by Cooley Godward Kronish LLP.

The case is The PACid Group LLC v. Cisco Systems Inc. et al., case number 09-cv-00324, in the U.S. District Court for the Eastern District of Texas.

--Additional reporting by Christopher Norton, Julie Zeveloff, Samuel Howard and Erin Coe