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PACid Settles With Lenovo In Data Encryption Suit

By Liz McKenzie

Law360, New York (October 02, 2009) -- Lenovo Inc. is the latest company to settle with PACid Group LLC in a patent infringement suit relating to data encryption technology.

PACid and Lenovo's joint stipulation for dismissal was approved Thursday in the U.S. District Court for the Eastern District of Texas.

Attorneys for Lenovo declined to comment on the settlement.

Lenovo is one of many defendants that have recently settled in the lawsuit, which accuses a number of 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, Dell Inc. and Apple already have 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.

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 O'Melveny & Myers LLP represented Lenovo in the 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 Richard Vanderford

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