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Nokia, Others Strike Deals Over PACid Patents

By **Samuel Howard**

Law360, New York (July 09, 2009) -- Following a flurry of settlements and dismissals, encryption technology research firm the PACid Group LLC has winnowed more than a dozen defendants from its sweeping infringement action, though a few opponents continue to do battle, including Brother Industries Ltd. and Sharp Corp.

On Tuesday, Finland's Nokia Corp. asked Judge Leonard Davis of the U.S. District Court for the Eastern District of Texas to approve a patent license and settlement agreement, a day after the court signed off on PACid's similar licensing deal with Nokia's stateside subsidiary.

In late June, PACid likewise settled claims that 2Wire Inc. and NEC Corp. infringed U.S. Patent Numbers 5,963,646 and 6,049,612, which cover encryption technology. Details about the various settlements remain confidential, however.

Also on Tuesday, following an agreed motion for dismissal, Judge Davis allowed Canon Inc., Canon Imaging Systems Inc. and Canon USA to exit the arena, ordering each side to shoulder its own litigation costs.

Panasonic Corp. of North America led the recent wave of settlements and dismissals, reaching an agreement with PACid to bury the hatchet over a fortnight ago.

Flouting the recent trend, however, a handful of defendants remain, including Sharp Corp., Brother Industries Ltd., and 3Com Corp.

In December 2008, PACid filed suit against some 30 electronics companies, alleging each made and sold products that infringed the two patents by either "generating pseudo-random, symmetric encryption keys" or "protecting information files from unauthorized access."

The '646 is titled "Secure deterministic encryption, key generator system and method,"

while the '612 patent is titled "File encryption method and system."

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 plaintiff.

Representatives for PACid, Nokia, NEC and 2Wire could not be reached for comment Thursday.

PACid has been energetically enforcing its patent rights in recent months, filing suit in March against another 19 defendants, including Apple Inc., Dell Inc., Gateway Inc. and Hewlett-Packard Co., alleging infringement of the '646 and '612 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.

Nokia is represented by Alston & Bird LLP. NEC is represented by the Law Offices of Guy Harrison. 2Wire and Canon are represented by Findlay Craft LLP and Orrick Herrington & Sutcliffe 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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