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## **PACid, Aruba Networks Settle Data Encryption IP Suit**

By **Julie Zeveloff**

Law360, New York (March 01, 2010) -- Network security company Aruba Networks Inc. has become the latest defendant to reach a settlement in PACid Group LLC's lawsuit accusing dozens of companies of infringing two patents related to data encryption.

Aruba and PACid filed a joint motion Friday in the U.S. District Court for the the Eastern District of Texas, seeking the dismissal all claims with prejudice and all counterclaims as moot, subject to the terms of a settlement agreement dated Feb. 11.

The parties agreed to cover their own costs and attorneys' fees. An attorney for PACid and a representative for Aruba Networks each said Monday that they had no comment on the motion.

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 agreement.

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 Aruba Networks, the Alcatel defendants, Cisco Systems Inc., Qualcomm 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."

The defendants 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 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 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 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.

Aruba is represented by Wilson Sonsini Goodrich & Rosati PC.

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, Samuel Howard and Erin Coe