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## Microsoft Settles PACid's Encryption Patent Claims

By **Ben James**

Law360, New York (June 24, 2010) -- Microsoft Corp. has reached a settlement with the PACid Group LLC in a case PACid filed in March against more than a dozen technology companies over network encryption patents.

Judge Leonard Davis of the U.S. District Court for the Eastern District of Texas signed off on an order Tuesday dismissing all PACid's claims against Microsoft with prejudice, after PACid filed a motion saying that it and Microsoft had struck a settlement deal.

Neither the motion nor the order included any details about the settlement's terms. A representative for Microsoft declined to comment, and an attorney for PACid could not be immediately reached to discuss the deal on Thursday.

Judge Davis granted PACid's bid to dismiss Nikon Americas Inc. from the case in May, though Nikon Corp. and Nikon Inc. remain in the case.

Patent-holding firm PACid launched the lawsuit on March 26, accusing an array of tech heavyweights including Microsoft, Nikon, Motorola Inc. and Sony Corp. of infringing two patents.

The suit asserts 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."

According to the complaint, the defendants infringe the '646 patent by selling wireless routers, disc players, notebook computers and other products that contain instructions to generate the encryption keys that are used to protect wireless data transmissions.

The suit targeted the Nikon defendants' digital cameras and wireless transmitters; Sony's notebook computers, digital cameras and Blu-ray disc players; Motorola's Droid cell phone; Sony's cameras outfitted with wireless data transmitters; and Microsoft's Zune media player and Xbox 360 wireless networking adapter.

All together, the products bring in tens of billions of dollars worldwide for the defendants.

In July 2009, PACid filed another suit over the '646 and '612 patents, against a lengthy list of defendants that included Texas Instruments Inc., Qualcomm Inc. and Cisco Systems Inc.

And in March 2009, PACid slapped 19 defendants including Apple Inc., Dell Inc., Intel Corp., Broadcom Corp. and Hewlett-Packard Co. with a lawsuit that asserted the same two patents.

Microsoft is represented in the March 2010 lawsuit by Gillam & Smith LLP.

The plaintiff is represented by Ni Law Firm PLLC, the McDonough Law Group LLC, Spangler Law PC and Russ August & Kabat.

The case is PACid Group LLC v. Asustek Computer Inc. et al., case number 10-cv-00108, in the U.S. District Court for the Eastern District of Texas.

--Additional reporting by Mike Cherney

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