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Boston firm says Apple Pay violates its patents

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SAN FRANCISCO — A small Boston company, founded by the inventor of a popular corporate encryption technology called RSA SecurID, sued Apple and Visa on Sunday, arguing that the Apple Pay digital payment technology violates its patents.

The lawsuit, filed by Universal Secure Registry in US District Court in Delaware, says its chief executive, Kenneth P. Weiss, received 13 patents for authentication systems that

use a smartphone, biometric identification such as a fingerprint, and the generation of secure one-time tokens to conduct financial transactions.

In the suit and in an interview, Weiss said he had extensive meetings in 2010 with Visa officials, including its chief executive, to discuss working together on the technology. In the interview, he said Visa had signed a 10-year nondisclosure agreement to gain access to the technology and assigned engineers to fully understand the details, but then dropped further

communication without securing a license.

Weiss said he also wrote to Apple at the same time seeking to license his technology, but the iPhone maker never responded.

Three years later, Visa began work on the Apple Pay technology with Apple, MasterCard, and American Express. Apple released Apple Pay to iPhone users in 2014.

Although Apple has heavily promoted Apple Pay as an alternative to paying with a credit card at retail

stores, in apps and on websites, it has not gained much traction with consumers or merchants. Users enroll a credit card on their phone, then touch a finger to the iPhone's Touch ID sensor to pay a merchant that has installed a wireless terminal that can receive a signal from the phone.

Universal Secure Registry did not seek a license agreement or royalties from Apple or Visa after the release of Apple Pay. Weiss said the law firm representing his company, the patent

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specialists Quinn Emanuel Urquhart & Sullivan, advised him to file the suit first.

Apple declined to comment. Visa did not respond to a request for comment.

Apple has taken an aggressive stance recently against companies seeking royalties for key patents covering its iPhones, Macs, and other products. It is embroiled in bitter lit-

igation against Nokia and Qualcomm, accusing them of demanding unfairly high royalties for technology it uses.

Quinn Emanuel, which filed the Apple Pay suit on behalf of Universal Secure Registry, represented Samsung Electronics in some of its long-running patent litigation with Apple over software in its Android-based smartphones.

Weiss said his company has tried to license its technology to

larger firms without success and is now building its own device for secure wireless authentication.

He founded Security Dynamics in 1984 and was its chairman until 1996. Security Dynamics acquired RSA Data Security in 1996, and the two companies' technologies were eventually combined in the RSA SecurID token system that is now used by tens of millions of people to authenticate and

secure communications with corporate and government computer systems. RSA is now part of Dell EMC.

After leaving Security Dynamics, Weiss turned his attention to payment technologies and planned to license them to larger companies. He said he still hopes for an agreement with Apple and Visa.

"My intention is still to get into a conference room with them and resolve this," he said.

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