United States District Court,
N.D. Texas, Dallas Division.

BMC RESOURCES,
INC. Plaintiff.
v.
PAYMENTECH,
L.P. Defendant.

No. 3-03-CV-1927-M

Nov. 4, 2004.

Christopher Robert Benson, Fulbright & Jaworski, Austin, TX, J. Jeffery Richardson, Fulbright & Jaworski, Dallas, TX, for Plaintiff and Claimant.

John Morant Cone, Akin, Gump, Strauss, Hauer & Feld, Christopher J. Rourk, Godwin Gruber, Dallas, TX, for Defendants.

FINDINGS AND RECOMMENDATION OF THE UNITED STATES MAGISTRATE JUDGE

KAPLAN**, Magistrate J.**

This patent case is before the court on the issue of claim construction. The parties have submitted a joint claim construction statement, briefs, and evidence to support their proposed construction of disputed terms. For the reasons stated herein, the court should interpret the relevant claim terms as follows:

I.

Plaintiff BMC Resources, Inc. ("BMC"), formerly known as Telepay, is the assignee of three patents covering the method and apparatus for processing debit transactions without a personal identification number ("PIN"). (Def. Countercl. at 2, para. 5). Simply stated, the Telepay system provides an interface between a standard touchtone telephone and a debit card network such that real-time bill payment transactions may be effected by using the telephone keypad. The system includes an interactive voice response unit that prompts the user to enter an access code, account number, debit card number, and payment amount. Upon accessing the system, the user may obtain the status of the transaction and inquire about previously processed transactions. *See generally,* U.S. Patent No. 5,652,786 (Jul. 29, 1997) ("the '786 Patent"), U.S. Patent No. 5,715,298 (Feb. 3, 1998) ("the '298 Patent"), *and* U.S. Patent No. 5,870,456 (Feb. 9, 1999) ("the '456 Patent").

Defendant Paymentech, L.P. ("Paymentech") is in the business of assisting clients, typically retail merchants, with processing credit card transactions. (Def. Countercl. at 2-3, para. 10). For a number of years, Paymentech has been actively engaged in discussions with various merchants to provide PIN-less debit services. (Id. at 3, para. 11). Those discussions prompted BMC to threaten a patent infringement action unless Paymentech entered into a license agreement. On August 26, 2003, Paymentech filed suit in federal district court seeking a declaration of non-infringement with respect to the BMC patents. BMC counterclaimed for infringement of the '456 Patent. After the parties were realigned, BMC, as plaintiff, amended its complaint to allege infringement of both the '456 Patent and the '298 Patent. (Plf. Am. Compl.

at 2-4, para.para. 10-16, 17-23). FN1 Paymentech, as defendant, counters that the patents in-suit are invalid for a variety of reasons. (Def. Am. Ans. at 3-4, para.para. 22-27).

FN1. BMC does not sue for infringement of the '786 Patent. On May 28, 2004, the court dismissed Paymentech's counterclaim seeking a declaration of non-infringement and invalidity with respect to the '786 Patent. BMC Resources, Inc. v. Paymentech, L.P., 2004 WL 981079 (N.D.Tex. May 5, 2004), rec. adopted, 2004 WL 1196119 (N.D.Tex. May 28, 2004).

II.

The threshold issue in any patent infringement case is claim construction. This is a question of law for the court to decide. *See* Markman v. Westview Instruments, Inc., 517 U.S. 370, 372, 116 S.Ct. 1384, 1387, 134 L.Ed.2d 577 (1996). In construing the scope of a patented invention, the court must first look to the "intrinsic" evidence of record. Vitronics Corp. v. Conceptronic, Inc., 90 F.3d 1576, 1582 (Fed.Cir.1996); Markman v. Westview Instruments, Inc., 52 F.3d 967, 979 (Fed.Cir.1995), *aff'd,* 517 U.S. 370, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996). Intrinsic evidence includes the claim language, the specification, and the prosecution history. Vitronics, 90 F.3d at 1582.

Claim interpretation always begins with language of the claim itself. Johnson Worldwide Associates, Inc. v. Zebco Corp., 175 F.3d 985, 989 (Fed.Cir.1999); Renishaw PLC v. Marposs Societa' per Azioni, 158 F.3d 1243, 1248 (Fed.Cir.1998). In general, claim terms must be given their ordinary and accustomed meaning to one skilled in the art. Quantum Corp. v. Rodime, PLC, 65 F.3d 1577, 1580 (Fed.Cir.1995), *cert. denied,* 517 U.S. 1167, 116 S.Ct. 1567, 134 L.Ed.2d 666 (1996); Hoganas AB v. Dresser Industries, Inc., 9 F.3d 948, 951 (Fed.Cir.1993). "[D]ictionaries, encyclopedias and treatises are particularly useful resources to assist the court in determining the ordinary and customary meanings of claim terms." Texas Digital Systems, Inc. v. Telegenix, Inc., 308 F.3d 1193, 1202 (Fed.Cir.2002), *cert. denied,* 538 U.S. 1058, 123 S.Ct. 2230, 155 L.Ed.2d 1108 (2003). Indeed, "these materials may be the most meaningful sources of information to aid judges in better understanding both the technology and the terminology used by those skilled in the art to describe the technology." Id. at 1203.

Once the court identifies possible definitions, it must examine the intrinsic record to identify which of the various possible meanings are most consistent with the way the terms were used by the inventor. *Id*. In general, a claim must be construed to encompass all meanings that are consistent with the intrinsic record. *Id*. However, "a patentee may choose to be his own lexicographer and use terms in a manner other than their ordinary meaning, as long as the special definition of the term is clearly stated in the patent specification or file history." Vitronics, 90 F.3d at 1582; *see also* Johnson Worldwide Associates, 175 F.3d at 990. The specification acts as a dictionary when it expressly defines terms used in the claims or when it defines terms by implication. Vitronics, 90 F.3d at 1582. The court also may consider the prosecution history in determining the meaning of disputed terms. Id. at 1582-83; *see also* CVI/Beta Ventures, Inc. v. Tura LP., 112 F.3d 1146, 1158 (Fed.Cir.1997), *cert. denied,* 522 U.S. 1109, 118 S.Ct. 1039, 140 L.Ed.2d 105 (1998). The prosecution history contains a complete record of all proceedings before the Patent and Trademark Office, including any express representations made by the applicant regarding the scope of the claims. Vitronics, 90 F.3d at 1582.

While most patent claims can be construed solely on the basis of intrinsic evidence, extrinsic evidence may be considered "for background and education on the technology implicated by the presented claim construction issues." Key Pharmaceuticals v. Hercon Laboratories Corp., 161 F.3d 709, 716 (Fed.Cir.1998). However, extrinsic evidence cannot be used to arrive at a construction of the claim that is clearly contrary to the public record. *Id.;* Vitronics, 90 F.3d at 1584.

III.

The '298 Patent, which contains 22 enumerated claims, describes a method and apparatus for processing payment transactions using debit card numbers without the requirement of a PIN. (Plf.App., Exh. 1). The '456 Patent, which contains eight claims, is a continuation of the '298 Patent. (Id., Exh. 3). The specifications and drawings of both patents are identical. The prosecution histories reveal that the '298 Patent and the '456 Patent were granted after BMC held a telephone conference with the examiner and filed a terminal disclaimer. (*See* id., Exhs. 2 & 4). In their joint claim construction statement, the parties seek the construction of certain disputed terms that appear in Claims 1 and 13 of the '298 Patent and Claims 1 and 6 of the '456 Patent. FN2

FN2. Claims 1 and 13 of the '298 Patent and Claims 1 and 6 of the '456 Patent are independent claims. The parties seek the same construction of disputed terms where they appear either by reference or as an actual term in dependent claims. *See* Forest Laboratories, Inc. v. Abbott Laboratories, 239 F.3d 1305, 1310 (Fed. Cir.2001 ("We also construe independent claims consistently with the claims that depend from them.").

A.

Claim 1 of the '298 Patent claims:

A method of paying bills using a telephone connectable to at least one remote payment card network via a payee's agent's system, wherein a caller places a call using said telephone to initiate a spontaneous payment transaction that does not require pre-registration, to a payee, the method comprising the steps of:

- prompting the caller to enter an account number using the telephone, the account number identifying an account of a payor with the payee in connection with the payment transaction;

- responsive to entry of an account number, determining whether the entered account number is valid;

- prompting the caller to enter a payment number using the telephone, the payment number being selected at the discretion of the caller from any one of a number of credit or debit forms of payment;

- responsive to entry of the payment number, determining whether the entered payment number is valid;

- prompting the caller to enter a payment amount for the payment transaction using the telephone;

- responsive to a determination that a payment amount has been entered and further responsive to a determination that the entered account number and payment number are valid, and during the call:

- accessing a remote payment network associated with the entered payment number, the accessed remote payment network determining, during the call, whether sufficient available credit or funds exist in an account associated with the entered payment number to complete the payment transaction;

- responsive to a determination that sufficient available credit or funds exist in the associated account, charging the entered payment amount against the account associated with the entered payment number, adding the entered payment amount to an account associated with the entered account number, informing the caller that the payment transaction has been authorized, and storing the account number, payment number and payment amount in a transaction log file of the system during the call; and

- responsive to a determination that sufficient available credit or funds do not exist in the associated account, informing the caller during the call that the current payment transaction has been declined and terminating the current payment transaction.

(Id., Exh. 1 at 16).

Claim 13 of the '298 Patent claims:

A method of paying bills using a telephone device connectable to at least one remote payment network via a payee's agent's system, wherein a connection is made using the telephone device to initiate a payment transaction that does not require pre-registration, the method comprising the steps of:

- prompting for entry of a valid account number using the telephony device, the account number identifying an account of a payor in connection with the payment transaction;

- prompting for entry of a valid payment number using the telephony device, the payment number being selected from any one of a number of forms of payment;

- prompting for entry of a payment amount using the telephony device;

- responsive to entry of a payment number and payment amount, accessing a remote payment network associated with the entered payment number, the accessed remote payment network determining, during the connection, whether sufficient available credit or funds exist in an account associated with the entered payment number to cover the entered payment amount; and

- responsive to a determination that sufficient available credit or funds exist in the associated account, debiting the entered payment amount from the account associated with the entered payment number, crediting the entered payment amount to an account associated with the entered account number, and storing the account number, payment number and payment amount in a transaction log file of the system during the connection.

(Id., Exh. 1 at 17).

Claim 1 of the '456 Patent claims:

A method of paying bills using a telecommunications line connectable to at least one remote payment card network via a payee's agent's system, wherein a caller begins session using a telecommunications line to initiate a spontaneous payment transaction to a payee, the method comprising the steps of:

- prompting the caller to enter an account number identifying an account of a payor with the payee in connection with the payment transaction;

- prompting the caller to enter a payment number selected from one or more choices of credit or debit forms of payment;

- prompting the caller to enter a payment amount for the payment transaction;

- upon a payment amount being entered and during the session, accessing a remote payment network associated with the entered payment number, the accessed remote payment network determining, during the session, whether sufficient available credit or funds exist in an account associated with the entered payment number to complete the payment transaction, and responsive to a determination that sufficient available credit or funds exist in the associated account, charging the entered payment amount against the account associated with the entered payment number, adding the entered payment amount to an account associated with the entered account number, informing the caller that the payment transaction has been authorized, and storing the account number, payment number and payment amount in a transaction log file of the system.

(Id., Exh. 3 at 42).

Claim 6 of the '456 Patent claims:

A method of paying bills using a telecommunications network line connectable to at least one remote payment card network via a payee's agent's system, wherein a caller begins session using a telecommunications network line to initiate a spontaneous payment transaction to a payee, the method comprising the steps of:

- prompting the caller to enter a payment number selected from one or more choices of credit or debit forms of payment;

- prompting the caller to enter a payment amount for the payment transaction;

- accessing a remote payment network associated with the entered payment number, the accessed remote payment network determining, during the session, whether sufficient available credit or funds exist in an account associated with the entered payment number to complete the payment transaction, and upon a determination that sufficient available credit or funds exist in the associated account, charging the entered payment amount against the account associated with the entered payment number, adding the entered payment amount to an account associated with the entered account number, and storing the account number, payment number and payment amount in a transaction file of the system.

(Id., Exh. 3 at 42-43).

B.

The parties first seek construction of the terms "telephone device" and "telephony device" as used in Claim 13 of the '298 Patent. Although BMC and Paymentech agree that both terms have the same meaning, they offer different definitions of the terms.

The standard dictionary definition of a "telephone" is "a device, system, or process using electricity to send sound or speech to a distant point." RANDOM HOUSE WEBSTER'S BASIC DICTIONARY OF AMERICAN ENGLISH at 451 (1998). A "device" is "a piece of equipment or mechanism for a special purpose." THE MERRIAM-WEBSTER DICTIONARYYYYYY at 214 (1997). Thus, in ordinary usage, a "telephone device" means "a piece of equipment that uses electricity to send sound or speech to a distant point."

Paymentech proposes a definition that would require the device to be "designed to perform the function of" using electricity to send sound to a distant point. (Def. Op. Br. at 4). Such a construction would add an element to the definition not supported by the specification or the prosecution history. *See* Texas Digital Systems, 308 F.3d at 1202 (in choosing among multiple dictionary definitions, the court must consult the intrinsic record to determine which of the possible meanings is most consistent with the use of words by the inventor). No intrinsic evidence suggests that the invention requires any specialized equipment. Rather, the PIN-less bill payment processing system described by the '298 Patent requires only an ordinary telephone. (*See* Plf.App., Exh. 1 at 12) ("Still another technical advantage achieved with the invention is the elimination of any specialized equipment on the part of the consumer to process an electronic bill payment [i.e., personal computers, specialized telephones or terminals, etc.]."). The court therefore determines that the terms "telephone device" and "telephony device," as used in Claim 13 of the '298 Patent, should be construed to mean "a piece of equipment that uses electricity to send sound or speech to a distant point."

C.

Next, the parties seek construction of "using a telecommunications line" and "using a telecommunications network line," as those terms appear in the preamble to Claims 1 and 6 of the '456 Patent. The standard dictionary definition of "telecommunications" is "the electronic systems used in transmitting messages, as by telegraph, cable, telephone, radio, or television." THE AMERICAN HERITAGE DICTIONARY OF THE ENGLISH LANGUAGE at 1845 (3d ed.1992). A "network" is "a complex, interconnected group or system." Id. at 1214. A "line" is "a wire or system of wires connecting telephone or telegraph systems." Id. at 1045. Combining the ordinary meanings of those terms, "using a telecommunications line" means "using a system of wires and other components to transmit messages between users by various devices such as telegraph, cable, telephone, radio, or television." Likewise, the ordinary meaning of "using a telecommunications network line" is "using a system of wires and other components to transmit messages among a group of users by various devices such as telegraph, cable, telephone, radio, or television."

Paymentech argues for a limitation that would restrict the definition of both terms to "a caller using a telephone connected to a telecommunications line." (Def. Op. Br. at 7). The court rejects this proposed construction. Nothing in the plain language of the claims themselves requires the use of a standard telephone. Although the specifications contain an example of a consumer accessing the Telepay system by using a telephone, it makes clear that "the present invention can take many forms and embodiments. The embodiments shown herein are intended to illustrate rather than to limit the invention[.]" (*Compare* Plf.App., Exh. 3 at 38 *with* id., Exh. 3 at 42). Consequently, the requirement of using a telephone to access a "telecommunications line" or "telecommunications network line" should not be read into Claims 1 and 6 of the '456 Patent. *See, e.g.,* In re American Academy of Science Tech Center, 367 F.3d 1359, 1366 (Fed.Cir.2004) (rejecting proposed construction limiting claim to use of particular type of device based on reference to that device contained in specification).

D.

The parties also seek construction of the following terms used in both the '298 Patent and the '456 Patent: (1) "payment number;" (2) "remote payment card network" and "remote payment network;" (3) "payee's agent's system" and "the system;" (4) "prompting," "accessing," and "determining;" (5) "an account associated with the entered account number;" (6) "transaction log file" and "transaction file;" (7) "caller;" and (8) "debiting" and "charging [ ] against."

1.

Various claims in the '298 Patent and the '456 Patent refer to "payment number." The parties agree that this term should be given the same construction wherever it appears and that any construction adopted by the court should include both debit card numbers and credit card numbers. However, BMC maintains that "payment number" also includes debit payments in the form of an electronic check. (Plf. Op. Br. at 23). In support of this argument, BMC points out that Claim 3 of the '456 Patent, a dependent claim that incorporates Claim 1 of the same patent, expressly provides that "said payment number is a debit card number or debit payment *in the form of an electronic check*." (Plf.App., Exh. 3 at 42) (emphasis added). Independent claims should be construed to be at least as broad as the claims that depend from them. AK Steel Corp. v. Sollac and Ugine, 344 F.3d 1234, 1242 (Fed.Cir.2003). Therefore, the court should construe "payment number" to mean "debit card numbers, credit card numbers, and debit payments in the form of an electronic check."

2.

The terms "remote payment card network" and "remote payment network" appear in Claims 1 and 13 of the '298 Patent and Claims 1 and 6 of the '456 Patent. The parties agree that the definition of "debit card network," found in the specifications of each patent, provides guidance with respect to the meanings of these terms:

A debit card network is a third party processor that will process the transaction for a fee, providing connectivity to either the financial institution that issued the debit card number, or another debit card network that has the capability to connect with the financial institution that issued the debit card number.

Those skilled in the art are aware that a debit card network, i.e., Pulse in Houston, Tex., MOST in Washington, D.C., Honor in Maitland, Fla., etc., process primarily ATM (Automated Teller Machine) transactions, and do not rely on the Automated Clearing House (ACH) to process individual transactions.

(Plf.App., Exh. 1 at 14 & Exh. 3 at 40). The patent specifications also make clear that the term "debit card" means both debit and credit cards. (Id., Exh. 1 at 11 & Exh. 3 at 37). Thus, a "debit card network" refers to a debit card network or a credit card network. Having previously construed the term "payment number" to include both debit card numbers and credit card numbers, the court construes "payment network" and "payment card network" to include both debit card networks and credit card networks.

BMC is satisfied with a construction of "remote payment card network" and "remote payment network" that mirrors the definition of "debit card network." Paymentech suggests a more restrictive definition, limiting these terms to "a third party network separate and apart from the payee's agent's system and from the debit or credit card issuing financial institution and not comprising an automated clearing house." (Def. Op. Br. at 9). However, such a limitation would be improper. If the patent specification expressly defines a term, that definition controls. *See* 3M Innovative Properties Co. v. Avery Dennison Corp., 350 F.3d 1365, 1374 (Fed.Cir.2003), *cert. denied,* 542 U.S. 920, 124 S.Ct. 2877, 159 L.Ed.2d 777 (2004); Renishaw, 158 F.3d at 1249. Nothing in the specifications of the '298 Patent or the '456 Patent supports the construction advocated by Paymentech. The court should construe the terms "remote payment card network" and "remote payment network" to mean "a third party processor that will process the transaction for a fee, providing connectivity to either the financial institution that issued the payment card number, or another payment card network that has the capability to connect with the financial institution that issued the payment card number."

3.

The parties agree that the term "the system," as used in Claims 1 and 13 of the '298 Patent and Claims 1 and 6 of the '456 Patent, refers to the "payee's agent's system," and that both terms should be construed to mean "a system of someone who acts for or in the place of a payee with authority." (Def. Resp. Br. at 4; Plf. Reply Br at 5). The dictionary defines "agent" as "one empowered to act for or represent another." THE AMERICAN HERITAGE DICTIONARY OF THE ENGLISH LANGUAGE at 33. In ordinary usage, the "payee's agent's system" is a system belonging to someone authorized to act on behalf of the payee. The construction suggested by the parties is consistent with the ordinary and customary meaning of these terms and should be adopted by the court.

4.

The terms "prompting," "accessing," and "determining" appear throughout the '298 Patent and the '456 Patent. Relying on the patent specifications, Paymentech argues that the acts of "prompting," "accessing," and "determining" must be performed by the payee's agent's system. (Def. Op. Br. at 6, 12-13, 15-16). BMC counters that these terms are merely descriptive actions that need not be performed by any particular person, entity, or device. (Plf. Op. Br. at 12-14, 20-21).

Paymentech correctly observes that the patent specifications contain numerous references to the Telepay system. However, while claims must be interpreted in light of the specifications, not everything expressed in the specifications must be read into the claims. *See* Watson & Chalin Manufacturing, Inc. v. Boler Co., 227 F.Supp.2d 633, 640 (E.D.Tex.2002), *citing* E.I. du Pont de Nemours & Co. v. Phillips Petroleum, 849 F.2d 1430, 1433 (Fed.Cir.), *cert. denied,* 488 U.S. 986, 109 S.Ct. 542, 102 L.Ed.2d 572 (1988). This is especially true where, as here, the specifications provide that "[t]he embodiments shown herein are intended to

illustrate rather than to limit the invention[.]" (Plf.App., Exh. 1 at 16 & Exh. 3 at 42). The court therefore concludes that the definitions of "prompting," "accessing," and "determining" should not be limited to actions performed by any particular person, entity, or device, including the payee's agent's system.

Having resolved this issue, the parties are able to agree on the definitions of two of the three disputed claim terms. BMC and Paymentech both agree that "accessing" means "connecting to." (Def. Resp. Br. at 6; Plf. Reply Br. at 7). The parties also agree that "determining" means "coming to a decision." (Def. Op. Br. at 6; Plf. Op. Br. at 2). Those definitions are consistent with the ordinary and customary meanings of the terms and should be accepted by the court.

The parties disagree as to the meaning of "prompting." Paymentech suggests a definition of "inducing to action." (Def. Op. Br. at 14). BMC argues that the term means "urging or suggesting that information be input." (Plf. Op. Br. at 13). The court declines to adopt the construction proposed by either party. The dictionary defines "prompting" as "causing someone to do something." THE WORLD BOOK DICTIONARY at 1666 (1996). That definition also is consistent with claim language, which describes:

A method of paying bills using a telephone connectable to at least one remote payment card network via a payee's agent's system, wherein a caller places a call using said telephone to initiate a spontaneous payment transaction that does not require pre-registration, to a payee, the method comprising the steps of:

- *prompting* the caller to enter an account number using the telephone, the account number identifying an account of a payor with the payee in connection with the payment transaction;

* * *

- *prompting* the caller to enter a payment number using the telephone, the payment number being selected at the discretion of the caller from any one of a number of credit or debit forms of payment;

* * *

- *prompting* the caller to enter a payment amount for the payment transaction using the telephone;

* * *

(Plf.App., Exh. 1 at 16; *see also id.,* Exh. 3 at 42) (emphases added). The court should construe the term "prompting" to mean "causing someone to do something."

5.

Claim 1 of the '298 Patent and Claims 1 and 6 of the '456 Patent include the step of "adding the entered payment amount to *an account associated with the entered account number*." (Id., Exh. 1 at 16 & Exh. 3 at 42) (emphasis added). Claim 13 of the '298 Patent includes a similar step of "crediting the entered payment amount to *an account associated with the entered account number*." (Id., Exh. 1 at 17) (emphasis added). Paymentech argues that this term should be construed to mean "the payee's account with a financial institution." (Def. Op. Br. at 17-18).

The court declines to elaborate on the definition of this unambiguous term. It is clear from the claim language that payment will be credited to an account identified by the account number entered by the caller. There is no requirement that the account be held with a financial institution. Reading such a limitation into

the claims would impermissibly limit the scope of the BMC patents. *See* Arlington Industries, Inc. v. Bridgeport Fittings, Inc., 345 F.3d 1318, 1331 (Fed.Cir.2003) (declining to rely on specification to supplant the ordinary meaning of claim terms where the terms at issue are unambiguous).

6.

Claims 1 and 13 of the '298 Patent and Claim 1 of the '456 Patent refer to "storing the account payment number and payment amount in a *transaction log file* of the system." (Plf.App., Exh. 1 at 16-17 & Exh. 3 at 42) (emphasis added). A similar reference to "*transaction file*" appears in Claim 6 of the '456 Patent. (Id., Exh. 3 at 43). Paymentech argues that "transaction log file" and "transaction file" both should be construed to mean "a file of transaction data that is individually kept by the system for each payee for periodic transmission to the payee and stored in time order as it is received, having a plurality of records where each record contains data including debit card number, payor account number, payment amount, time/date, and approval code." (Def. Op. Br. at 18). BMC urges that the terms be given their ordinary meanings. (Plf. Op. Br. at 18).

In computer terminology, a "file" is "a collection of related data records." MERRIAM WEBSTER COLLEGIATE DICTIONARY at 434 (1993). A "transaction" is an "exchange or transfer of goods, services, or funds." Id. at 1252. Taken together, the ordinary definition of a "transaction file" is "a collection of related data records pertaining to an exchange or transfer of funds." A "log" is "a record of performance, events, or day-to-day activities." Id. at 685. Thus, a "transaction log file" is "a collection of related data records pertaining to exchanges or transfers of funds occurring during a given day."

Paymentech admits that its suggested construction is a hybrid definition comprised of the ordinary meaning of the disputed terms plus examples drawn from the specifications. However, it is generally impermissible to import limitations from the specification to restrict the meaning of claim terms. *See* Arlington Industries, 345 F.3d at 1327; *see also* CCS Fitness, Inc. v. Brunswick Corp., 288 F.3d 1359, 1366 (Fed.Cir.2002) (the presumption of ordinary meaning cannot be rebutted "simply by pointing to the preferred embodiment or other structures or steps disclosed in the specification or prosecution history"). Other than the examples set forth in the specifications, there is no support for Paymentech's definition. The court should construe "transaction file" to mean "a collection of related data records pertaining to an exchange or transfer of funds" and "transaction log file" to mean "a collection of related data records pertaining to exchanges or transfers of funds occurring during a given day."

7.

The '298 Patent and the '456 Patent contain multiple references to the term "caller." Both parties agree that the ordinary meaning of "caller" is "one who calls." (Def. Op. Br. at 19; Plf. Op. Br. at 21). Relying on the description of the preferred embodiment, Paymentech suggests that the term be construed to mean "a bill payer using a touch tone telephone." (Def. Op. Br. at 19). However, the preamble to Claim 1 of the '298 Patent states that "a *caller* places a call using said telephone." (Plf.App., Exh. 1 at 16) (emphasis added). Thus, Paymentech's suggested definition creates redundancy and should not be adopted by the court. *See* Power Mosfet Technologies, L.L.C. v. Siemens AG, 378 F.3d 1396, 1410 (Fed.Cir.2004) (interpretations that render language of the claims superfluous are disfavored). By contrast, Claims 1 and 6 of the '456 Patent state that "a *caller* begins a session by using a telecommunications [network] line to initiate a spontaneous payment transaction to a payee[.]" (Id., Exh. 3 at 42) (emphasis added). The court has construed "telecommunications line" to mean "a system of wires and other components to transmit messages between users by various devices such as telegraph, cable, telephone, radio, or television." Because the "telecommunications lines" and "telecommunications network lines" described in the '456 Patent are not limited to telephones, it would be impermissible to adopt the restrictive definition advocated by Paymentech. *See* Arlington Industries, 345 F.3d at 1327 (a court is seldom justified in importing limitations from the preferred embodiments to restrict the meaning of a claim term).

Claim 13 of the '298 Patent describes a method of " *debiting* the entered payment amount from the account associated with the entered payment number [.]" (Plf.App., Exh. 1 at 17) (emphasis added). Claim 1 of the '298 Patent and Claims 1 and 6 of the '456 Patent refer to " *charging* the entered payment amount *against* the account associated with the entered payment number [.]" (Id., Exh. 1 at 16 & Exh. 3 at 42-43) (emphasis added). The dictionary definition of "debit" is "to charge with a debt". THE SHORTER OXFORD ENGLISH DICTIONARY at 461 (3d ed.1968). The definition of "charge" is "to impose or record as a financial obligation." MERRIAM WEBSTER COLLEGIATE DICTIONARY at 192. Paymentech argues that these terms should be construed to mean "to charge with a debt *during the connection*." (Def. Op. Br. at 16) (emphasis added).

It is clear from the express language of the claims and the patent specifications that the act of recording a payment as a debt must be performed during the call. Claim 1 of the '298 Patent specifically describes a method comprising the steps of, *inter alia:*

responsive to a determination that a payment amount has been entered and further responsive to a determination that the entered account number and payment number are valid, and *during the call:*

- accessing a remote payment network associated with the entered payment number, the accessed remote payment network determining, *during the call,* whether sufficient available credit or funds exist in an account associated with the entered payment number to complete the payment transaction;

- responsive to a determination that sufficient available credit or funds exist in the associated account, charging the entered payment amount against the account associated with the entered payment number, adding the entered payment amount to an account associated with the entered account number, informing the caller that the payment transaction has been authorized, and storing the account number, payment number and payment amount in a transaction log file of the system *during the call* [.]

(Plf.App., Exh. 1 at 16) (emphasis added). The '456 Patent uses the term "during the session" in lieu of "during the call." (*See* id., Exh. 3 at 42). Thus, the limitation suggested by Paymentech would be superfluous. *See* Power Mosfet Technologies, 378 F.3d at 1410.

Moreover, the intrinsic evidence indicates that the actual transfer of funds does not necessarily occur during the call. Rather, as the preferred embodiment illustrates, the remote debit card network moves the funds electronically after the close of the business day. (Plf.App., Exh. 1 at 15). The court therefore determines that terms "debiting" and "charging [ ] against" should be construed to mean "recording as a debt or financial obligation against the accessed account and not the actual transfer of funds from the account."

RECOMMENDATION

The court should construe the terms "telephone device" and "telephony device," as used in Claim 13 of the '298 Patent, to mean "a piece of equipment that uses electricity to send sound or speech to a distant point."

The court should construe the term "using a telecommunications line," as used in Claims 1 and 6 of the '456 Patent, to mean "using a system of wires and other components to transmit messages between users by various devices such as telegraph, cable, telephone, radio, or television." The term "using a telecommunications network," as used in Claims 1 and 6 of the '456 Patent, should be construed to mean "using a system of wires and other components to transmit messages among a group of users by various devices such as telegraph, cable, telephone, radio, or television."

The court should construe the following disputed terms and phrases in the '298 Patent and the '456 Patent as follows:

(a) the term "payment number" means "debit card numbers, credit card numbers, and debit payments in the form of an electronic check;"

(b) the terms "remote payment card network" and "remote payment network" mean "a third party processor that will process the transaction for a fee, providing connectivity to either the financial institution that issued the payment card number, or another payment card network that has the capability to connect with the financial institution that issued the payment card number;"

(c) the terms "payee's agent's system" and "the system" mean "a system of someone who acts for or in the place of a payee with authority;"

(d) the term "prompting" means "causing someone to do something;"

(e) the term "accessing" means "connecting to;"

(f) the term "determining" means "coming to a decision;"

(g) the term "an account associated with the entered account number" means "an account associated with the entered account number;"

(h) the term "transaction file" means "a collection of related data records pertaining to an exchange or transfer of funds;"

(i) the term "transaction log file" means "a collection of related data records pertaining to exchanges or transfers of funds occurring during a given day;"

(j) the term "caller" means "one who calls;"

(k) the terms "debiting" and "charging [ ] against" mean "recording as a debt or financial obligation against the accessed account and not the actual transfer of funds from the account."

These disputed claim terms should be given the same construction where they appear either by reference or as an actual term in dependent claims in the '298 Patent and the '456 Patent.

A copy of this report and recommendation shall be sent to all counsel of record. Any party may file written objections to this recommendation by *November 18, 2004*. The failure to file written objections shall bar the aggrieved party from appealing the factual findings and legal conclusions of the magistrate judge that are accepted or adopted by the district court, except upon grounds of plain error. *See* Douglass v. United Services Automobile Ass'n, 79 F.3d 1415, 1417 (5th Cir.1996).

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