United States District Court,
E.D. Texas, Marshall Division.

DATATREASURY CORP,
Plaintiff.
v.
MAGTEK, INC., a/k/a Mag-Tek, Inc,
Defendant.

No. 2:03-CV-459-DF

Sept. 29, 2006.

Edward Lewis Hohn, Von Hohn LLP, Plano, TX, Elton Joe Kendall, Karl Anthony Rupp, Kendall Law Group, LLP, Dallas, TX, Anthony Kyle Bruster, Richard Benjamin King, Nix Patterson & Roach LLP, Texarkana, TX, Edward K. Chin, Rodney Allyn Cooper, Nix Patterson & Roach, Irving, TX, Eric M. Albritton, Attorney at Law, Thomas John Ward, Jr., Ward & Smith Law Firm, Longview, TX, for Plaintiff.

David A. Dillard, Brian K. Brookey, Pasadena, CA, Jack Wesley Hill, Ireland Carroll & Kelley, Tyler, TX, for Defendant.

CLAIM CONSTRUCTION ORDER

DAVID FOLSOM**, District Judge.**

Datatreasury Corporation ("Plaintiff") brings this cause of action against Magtek, Inc. ("Defendant") alleging infringement of U.S. Patent Numbers 5,910,988 (the "'988 patent") and 6,032,137 (the "'137 patent"). Dkt. No. 1. Defendant denies all allegations of infringement, asserts the defense of non-infringement, and asserts the affirmative defenses of invalidity, inequitable conduct, misuse, unclean hands, waiver, acquiescence, estoppel, and laches. Dkt. No. 8 at para.para. 12-26. Defendant seeks a declaratory judgment of invalidity, noninfringement, and unenforceability, and Defendant counterclaims for unfair competition. *Id*. at para.para. 27-47.

Before the Court is Plaintiff's Opening Brief, Defendant's Brief in Response, and Plaintiff's Reply Brief. Dkt. Nos. 36, 46 & Civil Action No. 2:04-CV-85, Dkt. No. 61, respectively. FN1

FN1. Plaintiff's Reply Brief is docketed in Civil Action No. 2:04-CV-85 because it was filed after the Court's order consolidating this case with that case for purposes of claim construction. *See* Dkt. No. 48.

The Court consolidated this case with Civil Action No. 2:04-CV-85 for purposes of claim construction proceedings only. Dkt. No. 48. The Court then consolidated Civil Action No. 2:04-CV-85 with Civil Action No. 2:06-CV-72, including for purposes of the claim construction hearing. 2:04-CV-85, Dkt. No. 78. The

Court held a claim construction hearing on June 8, 2006. Dkt. No. 65.

The parties reference a Report and Recommendation filed November 2, 2004 regarding claim construction in another case, Civil Action No. 5:02-CV-95 (Dkt. No. 155). FN2 The Court has adopted this Report and Recommendation. 5:02-CV-95, Dkt. No. 180. The parties do not dispute the Court's construction as to those terms. *See* Joint Claim Construction Report and Prehearing Statement, Dkt. No. 30. Rather, the parties request claim construction of one additional term, "image," which the Court has not yet construed. *Id*.

FN2. Also docketed as Civil Action No. 5:02-CV-124, Dkt. No. 214.

After considering the patents, the parties' submissions, arguments of counsel, and all other relevant pleadings and papers, the Court finds that the claims of the '988 and '137 patents should be construed as set forth herein.

I. LEGAL PRINCIPLES OF CLAIM CONSTRUCTION

A determination of patent infringement involves two steps. First, the patent claims are construed, and, second, the claims are compared to the allegedly infringing device. Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1455 (Fed.Cir.1998) (en banc).

The legal principles of claim construction were recently reexamined by the Federal Circuit in Phillips v. AWH Corp., 415 F.3d 1303 (Fed.Cir.2005) (en banc). Reversing a summary judgment of non-infringement, an en banc panel specifically identified the question before it as "the extent to which [the court] should resort to and rely on a patent's specification in seeking to ascertain the proper scope of its claims." Id. at 1312. Addressing this question, the Federal Circuit specifically focused on the confusion that had amassed from its recent decisions on the weight afforded dictionaries and related extrinsic evidence as compared to intrinsic evidence. Ultimately, the court found that the specification, "informed, as needed, by the prosecution history," is the "best source for understanding a technical term." Id. at 1315, quoting Multiform Dessicants, Inc. v. Medzam, Ltd., 133 F.3d 1473, 1478 (Fed.Cir.1998). However, the court was mindful of its decision and quick to point out that *Phillips* is not the swan song of extrinsic evidence, stating:

[W]e recognized that there is no magic formula or catechism for conducting claim construction. Nor is the court barred from considering any particular sources or required to analyze sources in any specific sequence, as long as those sources are not used to contradict claim meaning that is unambiguous in light of the intrinsic evidence.

Phillips, 415 F.3d at 1324 (citations omitted). Consequently, this Court's reading of *Phillips* is that the Federal Circuit has returned to the state of the law prior to its decision in Texas Digital Sys. v. Telegenix, Inc., 308 F.3d 1193 (Fed.Cir.2002), allotting far greater deference to the intrinsic record than to extrinsic evidence.

Additionally, the Federal Circuit in *Phillips* expressly reaffirmed the principles of claim construction as set forth in Markman v. Westview Instruments, Inc., 52 F.3d 967 (Fed.Cir.1995) (en banc), *aff'd,* 517 U.S. 370, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996), Vitronics Corp. v. Conceptronic, Inc., 90 F.3d 1576 (Fed.Cir.1996), and Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc., 381 F.3d 1111 (Fed.Cir.2004). Thus, the law of claim construction remains intact. Claim construction is a legal question

for the courts. Markman, 52 F.3d at 979. The claims of a patent define that which "the patentee is entitled the right to exclude." Innova, 381 F.3d at 1115. And the claims are "generally given their ordinary and customary meaning" as understood by "a person of ordinary skill in the art in question at the time of the invention, i.e., as of the effective filing date of the patent application." Vitronics, 90 F.3d at 1582. However, the Federal Circuit stressed the importance of recognizing that the person of ordinary skill in the art "is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent, including the specification." Phillips, 415 F.3d at 1313.

Advancing the emphasis on the intrinsic evidence, the *Phillips* decision explains how each source, the claims, the specification as a whole, and the prosecution history, should be used by courts in determining how a skilled artisan would understand the disputed claim term. *See, generally, id*. at 1314-17. The court noted that the claims themselves can provide substantial guidance, particularly through claim differentiation. Using an example taken from the claim language at issue in *Phillips,* the Federal Circuit observed that "the claim in this case refers to 'steel baffles,' which strongly implies that the term 'baffles' does not inherently mean objects made of steel." *Id*. at 1314. Thus, the "context in which a term is used in the asserted claim can often illuminate the meaning of the same term in other claims." *Id; see also* BrookhillWilk 1, LLC. v. Intuitive Surgical, Inc., 334 F.3d 1294, 1299 (Fed.Cir.2003) ("While certain terms may be at the center of the claim construction debate, the context of the surrounding words of the claim also must be considered in determining the ordinary and customary meaning of those terms.") Likewise, other claims of the asserted patent can be enlightening, for example, "the presence of a dependent claim that adds a particular limitation gives rise to a presumption that the limitation in question is not present in the independent claim." *Id*. at 1315, citing Liebel-Flarsheim Co. v. Medrad, Inc., 358 F.3d 898, 910 (Fed.Cir.2004).

Still, the claims "must be read in view of the specification, of which they are part." Markman, 52 F.3d at 978. In *Phillips,* the Federal Circuit reiterated the importance of the specification, noting that "the specification 'is always highly relevant to the claim construction analysis. Usually, it is dispositive; it is the single best guide to the meaning of a disputed term.' " Phillips, 415 F.3d at 1315, quoting Vitronics, 90 F.3d at 1582. To emphasize this position, the court cited extensive case law, as well as "the statutory directive that the inventor provide a 'full' and 'exact' description of the claimed invention." *Id*. at 1316, citing Merck & Co. v. Teva Pharms. USA, Inc., 347 F.3d 1367, 1371 (Fed.Cir.2003); *see also* 35 U.S.C. s. 112, para. 1. Consistent with these principles, the court reaffirmed that an inventor's own lexicography and any express disavowal of claim scope is dispositive. *Id*. at 1316. Concluding this point, the court noted the consistency between this approach and the issuance of a patent from the Patent and Trademark Office and found that "[i]t is therefore entirely appropriate for a court, when conducting claim construction, to rely heavily on the written description for guidance as to the meaning of the claims." *Id*. at 1317.

Additionally, the *Phillips* decision provides a terse explanation of the prosecution history's utility in construing claim terms. The court simply reaffirmed that "the prosecution history can often inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of prosecution, making the claim scope narrower than it would otherwise be." *Id.,* citing Vitronics, 90 F.3d at 1582-83. It is a significant source for evidencing how the patent office and the inventor understood the invention. *Id*.

Finally, the Federal Circuit curtailed the role of extrinsic evidence in construing claims. In pointing out the less reliable nature of extrinsic evidence, the court reasoned that such evidence (1) is by definition not part of the patent, (2) does not necessarily reflect the views or understanding of a person of ordinary skill in the relevant art, (3) is often produced specifically for litigation, (4) is far reaching to the extent that it may

encompass several views, and (5) may distort the true meaning intended by the inventor. *See id*. at 1318. Consequently, the Federal Circuit expressly disclaimed the approach taken in *Texas Digital*. While noting the *Texas Digital* court's concern with regard to importing limitations from the written description, "one of the cardinal sins of patent law," the Federal Circuit found that "the methodology it adopted placed too much reliance on extrinsic sources such as dictionaries, treatises, and encyclopedias and too little on intrinsic sources, in particular the specification and prosecution history." *Id*. at 1320.

Thus, the court renewed its emphasis on the specification's role in claim construction. "[E]xtrinsic evidence cannot be used to vary the meaning of the claims as understood based on a reading of the intrinsic record." Phillips, 415 F.3d at 1319.

Many other principles of claim construction, though not addressed in *Phillips,* remain significant in guiding this Court's charge in claim construction. The Court is mindful that there is a "heavy presumption" in favor of construing claim language as it would be plainly understood by one of ordinary skill in the art. Johnson Worldwide Assocs., Inc. v. Zebco Corp., 175 F.3d 985, 989 (Fed.Cir.1999); *cf. Altiris, Inc., v. Symantec Corp.,* 318 F.3d 1364, 1372 (Fed.Cir.2003) ("[S]imply because a phrase as a whole lacks a common meaning does not compel a court to abandon its quest for a common meaning and disregard the established meaning of the individual words.") The same terms in the same patent or related patents are presumed to carry the same meaning. Omega Eng'g, Inc. v. Raytek Corp., 334 F.3d 1314, 1334 (Fed.Cir.2003)

Claim construction is not meant to change the scope of the claims but only to clarify their meaning. Embrex, Inc. v. Service Eng'g Corp., 216 F.3d 1343, 1347 (Fed.Cir.2000) "The construction of claims is simply a way of elaborating the normally terse claim language[ ] in order to understand and explain, but not to change, the scope of the claims." *Id*. (citation omitted). Regarding claim scope, the transitional term "comprising," when used in claims, is inclusive or open-ended and "does not exclude additional, unrecited elements or method steps." CollegeNet, Inc. v. ApplyYourself, Inc., 418 F.3d 1225, 1235 (Fed.Cir.2005) (citations omitted). "[P]articular embodiments appearing in the written description will not be used to limit claim language that has broader effect." Innova/Purewater, 381 F.3d at 1117. Claim constructions that would read out the preferred embodiment are rarely, if ever, correct. Vitronics, 90 F.3d at 1583-84.

The Court notes that a patent examiner's "Reasons for Allowance," where merely summarizing a claimed invention and not specifically noting that patentability is based on a particular feature, do not limit the scope of the claim. *See* Apex Inc. v. Raritan Computer, Inc., 325 F.3d 1364, 1375 (Fed.Cir.2003). Similarly, an examiner's unilateral statements in a "Notice of Allowance" do not result in the alteration of claim scope. *See id.; see also* Salazar v. Procter & Gamble Co., 414 F.3d 1342, 1346-47 (Fed.Cir.2005).

The doctrine of claim differentiation is often important in claim construction. Phillips, 415 F.3d at 1315, citing Liebel-Flarsheim Co., 358 F.3d at 910. "Claim differentiation" refers to the presumption that an independent claim should not be construed as requiring a limitation added by a dependent claim. Curtiss-Wright Flow Control Corp. v. Velan, Inc., 438 F.3d 1374, 1380 (Fed.Cir.2006). This is in part because "reading an additional limitation from a dependent claim into an independent claim would not only make that additional limitation superfluous, it might render the dependent claim invalid." *Id.;* SRI Int'l. v. Matsushita Elec. Corp. of Am., 775 F.2d 1107, 1122 ("It is settled law that when a patent claim does not contain a certain limitation and another claim does, that limitation cannot be read into the former claim in determining either validity or infringement.") The doctrine, based in part on the presumption of validity, holds that each claim is presumed to have a different scope. 35 U.S.C. s. 282; Curtiss-Wright, 438 F.3d at 1380. The difference in meaning and scope between claims is presumed to be significant to the extent that

the absence of such difference in meaning and scope would make a claim superfluous. Free Motion Fitness, Inc. v. Cybex Int'l, 423 F.3d 1343, 1351 (Fed.Cir.2005). Although a validity analysis is not a regular component of claim construction, if possible, claims should be construed to preserve their validity. Phillips, 415 F.3d at 1327; *see also* Rhine v. Casio, Inc., 183 F.3d 1342, 1345 (Fed.Cir.1999).

With these principles in mind, the Court turns to the '779 patent.

II. THE '988 and '137 PATENTS

The '988 patent, entitled "Remote Image Capture with Centralized Processing and Storage," issued on June 8, 1999. The Abstract states:

A system for remote data acquisition and centralized processing and storage is disclosed called the DataTreasury(TM) System. The DataTreasury(TM) System provides comprehensive support for the processing of documents and electronic data associated with different applications including sale, business, banking and general consumer transactions. The system retrieves transaction data at one or more remote Locations, encrypts the data, transmits the encrypted data to a central location, transforms the data to a usable form, performs identification verification using signature data and biometric data, generates informative reports from the data and transmits the informative reports to the remote location(s). The DataTreasury(TM) System has many advantageous features which work together to provide high performance, security, reliability, fault tolerance and low cost. First, the network architecture facilitates secure communication between the remote location(s) and the central processing facility. A dynamic address assignment algorithm performs load balancing among the system's servers for faster performance and higher utilization. Finally, a partitioning scheme improves the error correction process.

The '137 patent is also entitled "Remote Image Capture with Centralized Processing and Storage," issued on February 29, 2000 (with a terminal disclaimer limiting the term of the '137 patent to that of the '988 patent), and its Abstract is identical to that of the '988 patent. The ' 137 patent is "a more narrow version of the '988 Patent wherein the paper transaction is specifically a check." Dkt. No. 36 at 5.

Both the '988 and the '137 patent list Claudio R. Ballard as inventor and shall be referred to collectively, where appropriate, as the "Ballard" patents.

III. CLAIM CONSTRUCTION

The parties request that the Court construe one term appearing in the Ballard patents. This term, "image," is highlighted in bold in representative claims 26 and 46 of the '988 patent, reproduced below:

26. A method for central management, storage and verification of remotely captured paper transactions from documents and receipts comprising the steps of:

capturing an **image** of the paper transaction data at one or more remote locations and sending a captured **image** of the paper transaction data;

managing the capturing and sending of the transaction data;

collecting, processing, sending and storing the transaction data at a central location;

managing the collecting, processing, sending and storing of the transaction data;

encrypting subsystem identification information and the transaction data; and

transmitting the transaction data and the subsystem identification information within and between the remote location(s) and the central location.

...

46. A method for transmitting data within and between one or more remote subsystems, at least one intermediate subsystem and at least one central subsystem in a tiered manner wherein each of the central subsystems communicate with at least one intermediate subsystem and each of the intermediate subsystems communicate with at least one remote subsystems comprising the steps of:

capturing an **image** of documents and receipts and extracting data therefrom;

transmitting data within the remote locations;

transmitting data from each remote location to corresponding intermediate location;

transmitting data within the intermediate locations;

transmitting data from each intermediate location to corresponding central locations; and

transmitting data within the central locations.

Additionally, the term "image" is highlighted in bold in representative claims 26 and 43 of the '137 patent, reproduced below:

26. A method for central management, storage and verification of remotely captured paper transactions from checks comprising the steps of:

capturing an **image** of the paper transaction data at one or more remote locations said transaction data including a payer bank's identification number, a payer bank's routing number, a payer bank's routing information, a payer's account number, a payer's check, a payer bank's draft, a check amount, a payee bank's identification number, a payee bank's routing information, and a payee's account number; and sending a captured **image** of the paper transaction data;

managing the capturing and sending of the transaction data;

collecting, processing, sending and storing the transaction data at a central location;

managing the collecting, processing, sending and storing of the transaction data;

encrypting subsystem identification information and the transaction data; and

transmitting the transaction data and the subsystem identification information within and between the

remote location(s) and the central location.

...

43. A method for central management, storage and verification of remotely captured paper transactions from checks comprising the steps of:

capturing an **image** of the check at one or more remote locations and sending a captured **image** of the check;

managing the capturing and sending of the transaction data;

collecting, processing, sending and storing the transaction data at a central location;

managing the collecting, processing, sending and storing of the transaction data;

encrypting subsystem identification information and the transaction data;

verifying the transaction data from the check; and

transmitting the transaction data and the subsystem identification information within and between the remote location(s) and the central location.

Plaintiff proposes the term means "an electronic representation of an object, such as a document or receipt." FN3 Dkt. No. 62 at 4. Defendant proposes the term means "an electronic representation of an original document or receipt (" 988 patent) or check (" 137 patent), such as a digital bitmap representation called a Bitmap Image, digitally recorded by an optoelectronic scanning or other recording device." Id.

FN3. Plaintiff originally proposed that "image" means "an optically or electronically formed representative reproduction of an object, for example, an optical reproduction formed by a lense or mirror or an electro-optical device such as a charge-coupled device (CCD), or other optical system." Dkt. No. 36 at 12. Plaintiff now advocates the construction appearing in the Joint Claim Construction Chart. *See* Hr'g Tr. at 8 (June 8, 2006) (This hearing transcript was prepared by Pat Works and is marked as Case No. 2:05-CV-00290-DF, but it is not docketed.)

A. The Parties' Positions

Plaintiff argues that the term "image" should not be limited by the preferred embodiment's use of a scanner as disclosed in the specifications of the Ballard patents. Dkt. No. 36 at 12. Plaintiff attaches an expert declaration in support of its construction. *Id*. at Exh. G.

Plaintiff proposes a construction where the term "image": (1) need not be limited to documents, receipts, or checks; (2) need not be optically scanned; (3) need not be bitmapped or in Bitmap format, and (4) need not be in digital form. *See* Hr'g Tr. at 9.

Plaintiff argues that an "image" should not be limited to documents, receipts, or checks because the

specification discloses other sources of images. *Id*. at 8-9.

Defendant counters by referencing the Court's claim construction of the Ballard patents in another case, wherein the Court construed the term "imaging subsystem" to mean "a subsystem that receives documents and receipts (the ' 988 patent) or checks (the '137 patent) and provides an output that is an image of the documents and receipts, or checks, in digital electronic form." Report and Recommendation, 5:02-CV-95, Dkt. No. 155 at 11. Defendant further argues, "The claims where image appears, it's always in reference to a document, receipt or, in the case of the [']137 patent, a check...." Hr'g Tr. at 28.

Plaintiff replies that the Court's construction of "imaging subsystem" cannot be determinative because the Court construed that term in the context of different claims, namely Claim 1 of each of the Ballard patents. *Id*. at 29. Claim 1, Plaintiff argues, is a system claim while the claims at issue in this claim construction are method claims. *Id*. at 31.

Second, Plaintiff argues than an "image" need not be optically scanned but rather may be produced by non-optical devices, such as a signature pad. *Id*. at 19.

Defendant responds that an "image" must be optically scanned because it is a "representation of the visual appearance of something." *Id*. at 25.

Third, Plaintiff argue that the image need not be bitmapped or in Bitmap format because the Ballard patents' reference to a "bitmapped image" shows that this is simply one type of "image." *Id*. at 20. "A person of ordinary skill in the art understands what an image is and is able to follow how an image gets modified and specialized by that language." *Id*. at 21.

Defendant does not appear to oppose Plaintiff's position. Defendant's proposed construction of "image" refers to a "Bitmap Image" only as an example because Defendant uses the phrases "such as" to introduce it. Dkt. No. 46 at 5-6.

Fourth, Plaintiff argues that an "image" need not be digital because at the time of the Ballard patents, "there were a variety of techniques that used analog electronics as well as digital electronics [and there is no] language in the [Ballard] patents that limits the recording to digital electronics." Hr'g Tr. at 23.

Defendant counters that an "image" must be digitally recorded because that is the only way the term is used in the specification. *Id*. at 25. Defendant also relies on the Court's prior claim construction, wherein the Court construed the term "imaging subsystem" to mean a system that obtains an "image" of "documents and receipts (the "988 patent) or checks (the " 137 patent) ... in digital electronic form." R & R, 5:02-CV-95, Dkt. No. 155 at 11. Defendant further argues that "there's no description of anything that isn't digitally recorded in the patents" such that any construction of "image" broader than digital would "not be enabled by the patent." Hr'g Tr. at 27.

B. Claim Construction

1. Object

Defendant relies upon the Court's prior claim construction that "the 'imaging subsystem' is a subsystem that receives documents and receipts ... or checks," but this interpretation ignores the context of this construction, which goes on to explain that the "output is an image *of* the documents and receipts, or

checks...." R & R, 5:02-CV-95, Dkt. No. 155 at 11 (emphasis added). This construction, as well as the Ballard patents, does not foreclose that an "image" can be taken "of" all sorts of objects and not just documents, receipts, or checks. Even if "image" is "always [used] in reference to a document, receipt or ... check," such usage cannot so drastically limit the construction of such an ordinary term as "image." Hr'g Tr. at 28; *see* Innova/Purewater, 381 F.3d at 1117 ("[P]articular embodiments appearing in the written description will not be used to limit claim language that has broader effect.")

Moreover, the claims, specification, and ordinary meaning in the field of the invention all teach that an "image" is a type of data, and data includes more than documents, receipts, and checks. That an "image" is a type of data is evident in Claim 1, where the obtaining of "transaction data" from "at least one imaging subsystem" demonstrates that images produced by that subsystem are a type of data. U.S. Pat. No. 5,910,988 at 22:25-26. Claim 2 teaches the use of a "scanner" to capture paper transaction data, and because a scanner captures images, Claim 2 suggests that images are a type of data. Id. at 22:44-46; *see* R & R, 5:02-CV-95, Dkt. No. 155 at 38. Claim 3 teaches other means of gathering data, including a "card interface," "signature interface," and a "biometric interface." *Id*. at 22:51-56; *see also id*. at Fig. 2. For example, a signature interface can produce data as the user presses the pen down on the pad and moves it around to write their signature. *Id*. at 6:35-36. Claim 4 provides further evidence, where the invention "transforms the captured transaction data to a bitmap image." *Id*. at 22:58-59. Also, an "image" may be "represented as binary data," which further suggests that an "image" is itself a type of data. R & R, 5:02-CV-95, Dkt. No. 155 at 38.

Because the patent teaches that "transaction data" can include things other than documents, receipts, or checks, the term "image" is, similarly, not limited to documents, receipts, or checks.

Further, where the claims use the term "image," the claims specifiy the object to be imaged. For example, Claim 26 of the '988 patent identifies an "image *of* the paper transaction data." U.S. Pat. No. 5,910,988 at 25:14 (emphasis added). Claim 46 of the '137 patent identifies an "image *of* the check." U .S. Pat. No. 6,032,137 at 28:32 (emphasis added). A person of ordinary skill in the art would understand that the definition of "image" should not include identification of the object to be imaged. Accordingly, the Court finds that an "image" may be taken of any object.

2. Source

Claim 26 of the '988 patent includes the step of "capturing an image of the paper transaction data at one or more remote locations and sending a captured image of the paper transaction data." The Court has construed "paper transaction data" to mean documents and receipts or checks. R & R, 5:02-CV-95, Dkt. No. 155 at 11. Because nothing in the claim or the Court's prior construction of "paper transaction data" limits the term "image" to an optically scanned image, the Court finds that an "image" need not be optically scanned.

Claim 4 teaches that an "image" may be created from any type of "captured transaction data." U.S. Pat. No. 5,901,988 at 22:58-59. Further, claim differentiation between Claims 1 and 2 demonstrates that an "imaging subsystem" need not be optical. Claim 2 adds a limitation to Claim 1 that the "imaging subsystem" comprises a "scanner." Id. at 22:44-46. A scanner is "a hardware device that captures an optical image and converts it into an electronic format where the image is represented as binary data." R & R, 5:02-CV-95, Dkt. No. 155 at 38. If Claim 1 were limited to optical means, Claim 2 would add nothing because a scanner is the only means of optical imaging disclosed and enabled. Such a reading of the term "imaging" must be disfavored because it would render Claim 2 redundant. Curtiss-Wright, 438 F.3d at 1380 (finding presumption that independent claim should not be construed as requiring limitation added by dependent

claim); *see also* Phillips, 415 F.3d at 1315. Being thus disfavored, the Court rejects a construction of "image" that would limit the term to optically-scanned representations of objects. The Court's rejection of such a limited construction also comports with the ordinary meaning of the term: "An image can also be generated directly by software without reference to an existing picture." *IBM Dictionary of Computing* (Tenth Edition 1993).

3. Format

As to whether an "image" must be bitmapped or in Bitmap format, these are simply types of images. The Federal Circuit in *Phillips* found that the use of the phrase "steel baffles" indicated that "baffles" could be made of materials other than steel. Phillips, 415 F.3d at 1314. Similarly, the Ballard patents refer to "a digital bitmap image representation called a Bitmap Image" in the specification, as well as, for example, a "bitmap image" in Claim 27 of the '988 patent. U.S. Pat. No. 5,910,988 at 5:46 & 25:32. Accordingly, the Court finds *Phillips* analogous and concludes that "images" need not be bitmapped or in Bitmap format.

4. Form

Defendant argues that an "image" must be in digital form. Plaintiff submits expert testimony that "[a]t the time we're talking about in the '90s, there were a variety of [imaging] techniques that used analog electronics as well as digital electronics." Hr'g Tr. at 23:3-6. The specification does not explicitly limit the term to digital formats, and the Court will not read this limitation into a term that has such broad "ordinary and customary meaning" on its face as "image." Vitronics, 90 F.3d at 1582; *see also* Phillips, 415 F.3d at 1312-13. This is not inconsistent with the Court's prior construction of "imaging system," which the Court construed to "provide[ ] an output that is an image ... in digital electronic form." R & R, 5:02-CV-95, Dkt. No. 155 at 11. Again, this construction identifies a digital "image" as a type of "image" and does not include the limitation of being digital as part of that general term. The Court finds that an "image" need not be in digital form.

IV. CONCLUSION

For all of these reasons, the Court construes the term "image" to mean "an electronic representation of an object." The Court hereby **ORDERS** the disputed claim term to be so construed.

E.D.Tex.,2006.
Datatreasury Corp. v. Magtek, Inc.

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