

United States District Court,
W.D. Tennessee, Western Division.

BARRY FIALA, INC,
Plaintiff.

v.

STORED VALUE SYSTEMS,
INC. Defendant.

No. 02-2248 MAA

March 31, 2005.

Alan M. Fisch, Kelly A. Clement, Jason F. Hoffman, Howrey LLP of Washington DC; Jonathan C. Hancock, Glanker Brown, PLLC of Memphis, TN, for defendant.

MEMORANDUM OPINION AND ORDER ON MARKMAN MOTION

MAYS, J.

Before the court is the parties' request for patent claim construction under *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed.Cir.1995), *aff'd*, 517 U.S. 370, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996). The court held a *Markman* hearing on September 3, 2004. For the reasons stated herein, the court construes the claims as follows.

I. Background

On July 6, 1999, the United States Patent and Trademark Office ("PTO") issued U.S. Patent No. 5,918,909 (the " '909 patent"), entitled Package for Card with Data-Encoded Strip and Method of Using Same, to inventors Barry Fiala and Ronald Blythe Selby. The card at issue is a prepaid debit card. U.S. Patent No. 5,918,909, Column 1:26-27 (issued July 6, 1999). The abstract describes the invention as both "a method of activating a metered account that is associated with a personal identification number ("PIN"), where the personal identification number is affixed to a card and the metered account is activated at the time of sale of the card, and an apparatus comprising a package adapted for holding the card." *Id.*, Abstract. The goal of the invention is to decrease theft by obscuring the PIN from view with a tamper-evident device prior to purchase and by activating the account only at the time of purchase (without requiring the card to be removed from the package to allow for activation). *Id.* at Column 2:29-53, 8-12. Fiala and Selby assigned the patent to Plaintiff Barry Fiala, Inc. ("Fiala"). U.S. Patent No. 5,918,909. Fiala brings this action asserting that Stored Value Systems, Inc. ("SVS") has sold products to retail establishments in Tennessee which infringe the '909 patent. (2d Am.Compl.para. 2.)

II. Legal Standard for Claim Interpretation

A patent is a fully integrated written instrument, and claim construction is a matter of law for the court. *See*

Markman, 52 F.3d at 978. In construing the language of a claim, the court should look primarily to intrinsic evidence. *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582 (Fed.Cir.1996). Intrinsic evidence includes the claims themselves, the specification, and the prosecution history. *Id.* Claim terms should be given their ordinary and customary meaning unless the patentee acts as his own lexicographer and, either explicitly or by implication, uses the specification to give a particular definition to a term. *See Bell Atlantic Network Services, Inc. v. Covad Communications Group, Inc.*, 262 F.3d 1258, 1268 (Fed.Cir.2001) (quoting *Vitronics*, 90 F.3d at 1582). The ordinary and customary meaning of a term may be determined by considering what a person of ordinary skill in the art would have considered the term to mean at the time of invention, not the subjective intent of the patentee. *Markman*, 52 F.3d at 986. The prosecution history should be consulted as well, because the patentee may not advocate an interpretation which he earlier disavowed in order to obtain allowance. *See Standard Oil Co. v. American Cyanamid Co.*, 774 F.2d 448, 452 (Fed.Cir.1985).

Where intrinsic evidence is dispositive, extrinsic evidence, such as expert testimony, inventor testimony, and prior art, should not influence the court's claim interpretation. *Vitronics*, 90 F.3d 1584. Judges, however, may "rely on dictionary definitions when construing claim terms, so long as the dictionary definition does not contradict any definition found in or ascertained by a reading of the patent documents," although dictionaries are extrinsic evidence. *Id.* at 1584 n. 6.

III. Claim Construction

A. Claim Language

Fiala alleges infringement of claims 29 and 30. Claim 29 is dependent on claim 12, and claim 30 is dependent on both claim 12 and claim 29. The relevant claims read as follows, with the disputed language underlined:

12. *In combination:*

a first card generally defining a plane and including an exposed data-encoded strip; and

a package including a first panel, said first panel having an outer perimeter; *said first card being secured to said first panel* so that at least a portion of said data-encoded strip is *exposed and displaced externally remote from a portion of said outer perimeter of said first panel* in a direction substantially parallel to the plane of said first card.

U.S. Patent No. 5,918,909, Column 22:40-49.

29. A method of using the first card and package combination as recited in claim 12 *to activate* a metered account, said method comprising the steps of:

(a) encoding a *first identification number* onto said data-encoded strip;

(b) associating a first representation of said *first identification number* with said metered account within a processing apparatus;

i. then using a data-encoded strip reader to read *said encoded first identification number* from *said exposed data-encoded strip while first card is secured to said first panel*;

ii. then transmitting a first characterization of said *first identification number* from said data-encoded strip reader to said processing apparatus;

iii. then using said first characterization of said *first identification number* to identify said metered account by said processing apparatus;

iv. then activating said metered account by said processing apparatus;

and

(c) crediting said metered account with *a certain predetermined balance*.

Id. at Column 24:60-25:16.

30. The method of claim 29 which further comprises the steps of:

(a) associating a second representation of a *second identification number* with said metered account within said processing apparatus; then

(b) using a second characterization of said *second identification number* to identify said metered account by said processing apparatus; and then

(c) providing access to services and debiting said balance of said metered account for said providing of said services.

Id. at Column 25:17-27.

Within these three claims, the parties disagree about the meaning of eleven terms. In claim 12, the disputed terms are 1) "in combination," 2) "first card," 3) "package," 4) "secured to," and 5) "so that at least a portion of said data-encoded strip is exposed and displaced externally remote from a portion of said outer perimeter of said first panel in a direction substantially parallel to the plane of said first card." In claim 29, the parties disagree as to the meaning of 1) "to activate," 2) "said," 3) "first identification number," 4) "certain predetermined balance," and 5) "while said first card is secured to said first panel." In claim 30, the disputed phrase is "second identification number." The court will construe only those parts of the claims actually in dispute. *See* U.S. Surgical Corp. v. Ethicon, Inc., 103 F.3d 1554, 1568 (Fed.Cir.1997).

B. Language in Claim 12

1. In Combination

Webster's Dictionary defines combination to mean: "(1) a result or product of combining; ... (2) an ordered sequence ... (5)(a) the act or process of combining ... (b) the quality or state of being combined."

WEBSTER'S ELEVENTH NEW COLLEGIATE DICTIONARY 246 (1990) [hereinafter WEBSTER'S].

Fiala wishes to construe "in combination" to mean "the aggregate of [the first card and package]." (Pl. Brief at 23.) SVS contends that the phrase "in combination" speaks for itself, but goes on to argue that the plain meaning of the term "in combination" in the context of claim 12 requires that two formerly separate items (the card and package) be joined together. (Def. Slide 75.)

"In combination" is a standard introductory phrase in patent claims. Given the ubiquity of the phrase in patent claims, the claim language, specification, and prosecution history offer little help in interpreting its meaning. All patent applicants seem to assume that the reader already knows what "in combination" means. Nevertheless, the defendant points out that all the embodiments and drawings show a separate card and package joined together, rather than a unitary package/card combination, and cites several cases for the proposition that the claim language incorporates this assumption. *See* *Toro Co. v. White Consol. Indus., Inc.*, 199 F.3d 1295, 1301 (Fed.Cir.1999); *Wang Labs., Inc. v. America Online, Inc.*, 197 F.3d 1377, 1382 (Fed.Cir.1999); *Netword, LLC v. Centraal Corp.*, 242 F.3d 1347, 1352 (Fed.Cir.2001). These cases, however, establish no rule that if "only one embodiment is disclosed in the specification, claim terms are limited to the embodiment disclosed." *Teleflex, Inc. v. Ficosa North America Corp.*, 299 F.3d 1313, 1326 (Fed.Cir.2002). Resort to the specification to give a patent term other than its ordinary meaning was allowed most recently only after "the applicant admitted that certain claim terms lacked any agreed upon meaning in the art ... and unequivocally directed the patent examiner, as well as the public, to the specification as the complete source of meaning for the disputed terms ..." *Irdeeto Access, Inc. v. Echostar Satellite Corporation*, 383 F.3d 1295, 1302-03 (Fed.Cir.2004).

Given the frequent use of the term "in combination" in patent claims, the defendant cannot argue that the term has no agreed upon meaning. There is no indication from the text of claim 12 that the two items claimed "in combination" with one another must have existed separately at any previous time. "In combination" simply means that the two combined elements are present. *See, e.g., Gen. Mills, Inc. v. Hunt Wesson, Inc.*, 103 F.3d 978, 989 (Fed.Cir.1997)(discussing "in combination" a food item and a wrapping material). Resolving a dispute similar to this one, this court recently interpreted the phrase "in combination" to mean "the aggregate of." *See Barry Fiala, Inc. v. Arthur Blank & Company, Inc.*, No. 02-2282 Ma (August 24, 2004). The court sees no reason to abandon that construction in the instant case. The court, therefore, interprets the phrase "in combination" to mean: "the aggregate of."

2. First Card

Webster's defines "card" as "(6)(a): a flat stiff usually small and rectangular piece of material (as paper, cardboard, or plastic) usually bearing information ..." WEBSTER'S at 186. Fiala seeks to define the term "first card" as "a first card of any outline shape." (Pl. Reply at 9.) SVS disputes that construction, claiming that it is an alteration of the ordinary meaning of "card." All of the preferred embodiments display a card in the shape of a rectangle. (See Def. Resp. at 4.) As discussed above, this fact will not limit the ordinary meaning of the word. The preferred embodiments demonstrate simply that a card usually takes a shape similar to that of a rectangle.

That a card is "*usually* ... rectangular," however, implies that there are some instances in which it is not. Because a "card," as that term is normally understood, can have a number of different outline shapes, the court will not strictly limit the claim to cover only rectangular cards. Having reviewed the claim language, specification, and prosecution history, the court defines "a first card generally defining a plane" as "a first card of any outline shape and generally defining a plane."

3. Package

Webster's defines package as: "(1) the act or process of packing; (2)(a) a small or moderate-sized pack (b) a commodity or a unit of a product uniformly wrapped or sealed (c) a preassembled unit; (3) a covering, wrapper or container; (4) something that suggests a package as (a) package deal...." WEBSTER'S at 889.

Plaintiff seeks to define package as "a small or moderate-sized pack, something that suggests a package, a preassembled unit, for merchandising and display of the product prior to purchase." (Pl. Brief at 21.) SVS asks the court to define package as "a preassembled unit ready for use, unaltered from the time of manufacture." (Def. Brief at 7.)

Considering first the language of the claim itself, the court must eliminate part of each party's proposed definition. "Package" cannot mean a "preassembled unit," because the claim language requires that the package be something distinct from the first card. Preassembled unit, in the context of the patent, means a unit consisting of the first card and the package together. Thus, it would make no sense to read the claim language "in combination a first card ... and a [first card and package]."

The remaining issue is whether the claim language can be construed so that the "package" must be "unaltered from the time of manufacture." It is well established that "the prosecution history limits the interpretation of claim terms so as to exclude any interpretation that was disclaimed during prosecution." *Southwall Techs, v. Cardinal IG Co.*, 54 F.3d 1570, 1576 (Fed.Cir.1995); *see also* *Spectrum Int'l, Inc. v. Sterilite Corp.*, 164 F.3d 1372, 1378 (Fed.Cir.1998) ("Explicit statements made by a patent applicant during prosecution to distinguish a claimed invention over prior art may serve to narrow the scope of the claim"). SVS argues that Fiala offered this narrower definition to the patent examiner as a basis for distinguishing the patent from prior art. (Def. Resp. at 1-2.) SVS relies on the portion of the prosecution history in which the plaintiff states:

... the lateral displacement of the data-encoded strip from the package enables the data-encoded strip to be read by an appropriate "point of purchase" reader *so that the card can be "activated" without removing the card from the package and without tampering with the package.* By lateral displacement of the data-encoded strip from the package, *the activation of the card does not harm or alter the package during activation.*

In contrast, the magnetic strip of the card disclosed in the Hill reference cannot be read by a standard "point of purchase" (e.g., at the cash register) reading device without removing the card from the package, precisely because the Hill reference does not disclose laterally displacing the magnetic strip remote from the package in a direction substantially parallel to the plane of the card.

(*Id.* at 2 (quoting Prelim. Am. Prior to First Exam. at 8) (emphasis in original.)) SVS argues that the magnetic strip disclosed in the Hill reference (the prior art) could only be activated by opening its packaging, whereas the invention claimed in the '909 patent is distinguished by its ability to be activated without opening its package. SVS claims that this distinction was necessary to procure the '909 patent, and that it is therefore a definitional element of the invention which Fiala cannot now disclaim.

There are two flaws in this argument. The first is the misidentification of precisely what was claimed and disclaimed to distinguish the '909 patent from the Hill reference. The distinguishing feature of the invention claimed in the '909 patent was "the lateral displacement of the data-encoded strip from the package." In other words, the magnetic strip of the card claimed in the Hill reference did not "stick out" in a direction parallel to its packaging panel; the magnetic strip of the card at issue here does stick out in such a way from its packaging. It is clear from a review of the patent documents that this spatial feature is what distinguished the '909 patent from the prior art. The specific language added to gain acceptance for the '909 patent refers to the packaging having an "outer perimeter" and requires that "at least a portion of the data-encoded strip is exposed and displaced externally remote from a portion of said outer perimeter ..." (Pl. Brief Ex. B, '909

No part of the magnetic strip of the card disclosed in the Hill and McIntire references, on the other hand, was "displaced externally remote from a portion of the outer perimeter of the panel. In fact, the magnetic strip of the Hill and McIntire references is wholly within the outer perimeter of the panel." (Id.) The added language refers only to the arrangement of the card in relation to its packaging. One functional advantage of such a spatial arrangement is, of course, that the magnetic strip disclosed in the '909 patent can be activated without removing the card from its packaging. There is no reason, however, that this functional advantage should be read into the requirements of the patent, when the amended claim language refers only to the physical structure of the invention. *See Brookhill-Wilk 1, LLC v. Intuitive Surgical, Inc.*, 334 F.3d 1294, 1301 (Fed.Cir.2003) ("the fact that the inventor anticipated that the invention may be used in a particular manner does not limit the scope to that narrow context").

The second flaw is that, even if the patent required that the card be activated without altering the package, it is not clear why such a requirement should be read specifically into the word "package." "Package" was not one of the terms amended to distinguish the claimed invention from the prior art. Furthermore, an ordinary reading of the defendant's proposed definition suggests that the phrase "unaltered from the time of manufacture" refers to a particular kind or class of "package," and is not meant to expand or clarify the meaning of the term itself. The defendant has offered similar constructions-suggesting that the package must be intact at the time the card is activated-to at least two other claim terms, each of which refers more specifically to the relationship between the card and the packaging panel. (See Def. Brief at 8, 11.) These suggestions demonstrate further that such a construction is not easily attached to the word "package" itself.

Nothing in the ordinary and customary meaning of the word requires that a package be "unaltered from the time of manufacture." Nothing else in the specification or prosecution history aids in further interpreting the meaning of the term. Considering the '909 patent previously, this court construed "package" to mean: a covering, wrapper or container capable of holding a product for the purposes of merchandising and display prior to purchase. *See Barry Fiala, Inc. v. Arthur Blank & Company, Inc.*, No. 02-2282 Ma (August 24, 2004). This definition is consistent with the ordinary and customary meaning of the word. The evidence before the court also indicates that a person of ordinary skill in the art would have so defined "package" at the time the patent was prosecuted. The court accordingly construes "package" in this case to mean: "a covering, wrapper, or container capable of holding a product for the purposes of merchandising and display prior to purchase."

4. Secured To

Webster's defines secure as "(1)(a) to relieve from exposure to danger: act to make safe against adverse contingencies ... (b) to put beyond hazard of losing or of not receiving: guarantee ... (2)(a) to take (a person) into custody: hold fast: pinion (b) to make fast (3)(a) to get secure usually lasting possession or control of ... (b) bring about, effect (4) to release (naval personnel) from work or duty...." WEBSTER'S at 1123. Fiala proposes that the portion of claim 12 reading "said first card being secured to said first panel" be defined as "said first card being held in any manner whatsoever to said first panel." SVS proposes that this phrase means "said first card is secured to the package using means that reveal any evidence of tampering to a potential customer."

The primary issue is whether claim 12 will be interpreted to require "tamper evident means" of securing the

card to its packaging. Neither party's interpretation is facially inconsistent with the ordinary meaning of "secured." Fiala's construction focuses on the term's use in describing the attachment of one item to another. SVS's interpretation incorporates this definition, but would also add an element of safety (as in "secured" against/from fraud, theft, etc.). When read against the full phrase "secured to," however, SVS's interpretation is an impermissible narrowing of the ordinary meaning of the claim language. SVS has argued that the "ordinary meaning of 'secured' is incomplete in light of the intrinsic evidence that the invention requires that the card be secured to the package in a manner that would reveal evidence of tampering." (Def. Slide 79.) The court will, therefore, determine whether the specification or prosecution history dictates a deviation from the ordinary meaning of "secured to."

Unlike "in combination" or "package," the phrase "secured to" was specifically added to claim 12 in the process of gaining acceptance by the patent examiner. (See Def. Brief Ex. H.) The previous phrase used by the applicants was "retaining means securing." FN1 (Id.) SVS argues that "retaining means securing" described any possible method of attaching the card to a panel, whereas the new phrase "secured to" narrowed that definition by adding a requirement that the method of attachment reveal evidence of tampering by third parties. SVS argues that this more specific definition distinguished the claimed invention from those in previous patents. (Def. Brief at 11.)

FN1. The previous version of claim 12 read "a package including a first panel and retaining means securing said first card to said first panel ...". The amended version reads "a package including a first panel, said first panel having an outer perimeter; said first card being secured to said first panel ...". U.S. Patent No. 5,918,909, Column 22:43-45.

The prosecution history, however, does not establish that SVS's proposed construction was offered to, or relied upon by, the patent examiner. Unlike the amendments to claim 12 referring to the data-encoded strip as "displaced externally remote from a portion of said outer perimeter of said first panel," the "secured to" language was not explicitly invoked by the applicants in distinguishing the '909 patent. The remarks attached to the (re)application mention only that, unlike those in claim 12 of the '909 patent, the magnetic strips claimed in the Hill and McIntire patents are contained wholly within the outer perimeter of the first panel. Notably, the applicants did *not* state that the Hill and McIntire inventions have "retaining means securing" the card to the panel, rather than cards "secured to" the panel.FN2 (See Pl. Brief Ex. B. FH 186.) The prosecution history, therefore, indicates that the amended language at issue here was not a direct response to the examiner's earlier rejection of claim 12. If anything, the revision supports Fiala's contention that "secured to" should be given a broader interpretation, because it appears that the intention was to avoid a means-plus-function reading of the claim. (See Pl. Brief at 26-27.)

FN2. The applicants' description of claim 12 reads: "In contrast, as now claimed in claims 1, 12, and 24, at least a portion of the data-encoded strip of the retained card of the present invention is required to be exposed and displaced externally remote from a portion of the outer perimeter of the first panel of the package when the first card is secured to the first panel (citations omitted). Additionally, claims 12 and 24 have been amended to recite that the first card is secured to the first panel rather than having retaining means securing the first card to the first panel." (Pl. Brief Ex. B at GH 186.) Although it is grammatically plausible that the "secured to" amendment is meant to refer "in contrast" back to the description of the Hill and McIntire inventions, the applicants mentioned nothing about the Hill or McIntire patents with which to contrast this language. Therefore, it is more likely that this amendment was offered to the examiner as a linguistic change not directly related to traversing the Hill and McIntire inventions.

Next, SVS relies on the specification, noting that, "without exception," it describes embodiments of the '909 patent in which the means of securing the card to the panel incorporate mechanisms that show evidence of tampering. (Def. Brief at 9.) This is an impermissible attempt to read claim limitations from the specification. Additionally, the text of the embodiments SVS cites does not support the assertion that claim 12 only covers tamper evident means of securing the card to the panel.

Therefore, it is *desirable* to provide means for detecting when the PIN number P has been surreptitiously viewed ...

U.S. Patent No. 5,918,909, Column 6:25-28 (emphasis added).

The rivet 26 thus *preferably* comprises tamper evident means 38 for indicating that a surreptitious attempt has been made to view the PIN number P ...

Id. at Column 6:29-32 (emphasis added).

The second *preferred* embodiment *may* also comprise tamper evident means as heretofore described.

Id. at Column 7:10-11 (emphasis added).

The rivet 3.36 is preferably constructed integral, one-piece with the pane 3.47, as, for example, by being heatedly and deformably formed in the PVC pane 3.47, and *preferably* includes tamper evident means ...

Id. at Column 8:45-48 (emphasis added). The specification shows that the preferred embodiments of the '909 invention preferably included tamper evident means of securing the card to the panel. It does not require that the card must be secured to the panel using tamper evident means.

In claim 16, the patentees specifically assert ownership of:

The combination as recited in claim 12 in which said first card has a personal identification number thereon and said first card is secured to said first panel so that said personal identification number is obscured from view, and *in which said package comprises tamper evident means* for indicating that an attempt has been made to view said personal identification number.

U.S. Patent No. 5,918,909, Column 22:61-67 (emphasis added).

Claim 16 is dependent on claim 12. Normally, a limitation contained in a dependent claim will not be read into an independent claim, because such a reading would render the dependent claim superfluous. *See U.S. v. Teletronics, Inc.*, 857 F.2d 778, 783-84 (Fed.Cir.1988.) The doctrine of claim differentiation does not apply directly to this case, however, because the "tamper evident means" limitation is not the only meaningful difference between claim 12 and claim 16. *See Wenger Manufacturing, Inc. v. Coating Machinery Systems, Inc.*, 239 F.3d 1225, 1233 (Fed.Cir.2001). Even so, given that neither the plain language, specifications, nor prosecution history supports a reading that the "secured to" phrase requires a tamper-evident-means limitation, the fact that this precise limitation is contained in a narrower claim is further evidence that it is not a part of claim 12.

Having considered the claim language, specification, and prosecution history, the court construes "secured to" to mean "held fast." This meaning is consistent with the ordinary and customary meaning of the word. The evidence before the court also indicates that a person of ordinary skill in the art would have so defined "secured to" at the time the patent was prosecuted.

5. So That At Least a Portion of Said Data-Encoded Strip Is Exposed and Displaced Externally Remote From a Portion of Said Outer Perimeter of Said First Panel in a Direction Substantially Parallel to the Plane of Said First Card

For the phrase "so that at least a portion of said data-encoded strip is ... displaced externally remote from a portion of said outer perimeter of said first panel in a direction substantially parallel of said first card," Fiala offers the following construction:

the securing of the first card to the first panel must be such that some or all of the data-encoded strip must be outside a portion of the outer perimeter of the first panel, not just in any direction, but in a direction substantially parallel to the plane of the first card, without any limitation regarding displacement of the data-encoded strip in a direction perpendicular to the plane of the first card.

(Pl. Brief at 28.) SVS argues, to the contrary, that the phrase "at least a portion of said data-encoded strip is exposed and displaced externally remote from a portion of said outer perimeter of said first panel" means "at least a portion of the data-encoded strip is outside the perimeter of the package and is accessible to a point of purchase reader so the card can be activated without removing the card from the package and without tampering with, harming, or altering the package." (Def. Brief at 11.)

SVS's interpretation will be addressed first. As discussed above, claim 12 refers to the spatial arrangement of the card in relation to the first panel and not to the functional results of that arrangement. (Supra pp. 8-10.) Therefore, the limitation that an end-user must be able to activate the card without removing it from its packaging cannot be read into the text of claim 12. For that reason, the portion of SVS's definition providing that the data-encoded strip "is accessible to a point of purchase reader so the card can be activated without removing the card from the package and without tampering with, harming, or altering the package" must be eliminated.

Claim 12 describes a "first card" with a data-encoded strip that is displaced beyond the outer perimeter of a packaging panel. The interpretation offered by Fiala appears to suggest that the data-encoded strip can be displaced from the outer perimeter of the panel in a direction that is simultaneously parallel and perpendicular to the plane of the card. Fiala's wording is confusing .FN3

FN3. The interpretation Fiala advocates would disclaim any limitation on displacement of *the first card* from *the plane of* the first panel in a direction perpendicular to the plane of the first card. To the extent that such an interpretation may comport with claim 12, the claim language speaks for itself.

SVS argues that Fiala disclaimed its interpretation of claim 12 in attempting to distinguish its invention from that claimed in the Hill patent. In the Remarks section of the Preliminary Amendment Prior to First Examination, the applicants stated:

Admittedly, the magnetic strip of the mounted credit card disclosed in the Hill reference is exposed and slightly displaced remote from the package by the thickness of the mounted credit card, but *only in a direction substantially perpendicular to the plane of the card*. However, the magnetic strip disclosed in the Hill reference is not exposed and laterally displaced remote from the card carrier package in a direction substantially parallel to the plane of the mounted card.

In contrast, the data-encoded strip of the retained card of the present invention, as claimed in all claims now of record, is required to be exposed and laterally displaced remote from the panel of the package in a direction substantially parallel to the plane of the card.

(Prelim. Am. Prior to First Exam. at 8.) According to the prosecution history, the applicants disclaimed any displacement of the card from the package that was "only in a direction substantially perpendicular to the plane of the card," because that was the spatial arrangement of the Hill invention. (Id.) The applicants' disclaimer is in fact incorporated into the language of claim 12, which provides for displacement of the magnetic strip from the outer perimeter of the first panel "in a direction substantially parallel to the plane of the first card." U.S. Patent No. 5,918,909, Column 22:47-49. It is, therefore, unnecessary to add to or modify the claim language in order to exclude what was disclaimed in the prosecution history.

Having reviewed the claim language, specification, and prosecution history, the court concludes that neither party's proposed construction clarifies the meaning of the disputed language. The only apparent uncertainty is whether the phrase "externally remote from a portion of said outer perimeter of said first panel in a direction substantially parallel to the plane of said first card" modifies both verbs ("exposed" and "displaced") or only the latter verb ("displaced"). The context of claim 12 suggests that "exposed" has an independent meaning that does not refer to the relationship between the magnetic strip and the first panel: "open to view." Therefore, the end clause modifies only the word "displaced." To clarify this distinction, the court interprets the phrase "so that at least a portion of said data-encoded strip is exposed and displaced externally remote from a portion of said outer perimeter of said first panel in a direction substantially parallel to the plane of said first card" to mean "so that at least a portion of said data-encoded strip is exposed to view, and said portion is displaced externally remote from a portion of said outer perimeter of said first panel in a direction substantially parallel to the plane of said first card."

C. Language of Claim 29

1. To Activate

Activate is defined as "to make active ..." WEBSTER'S at 13. Webster's defines "active" as "(10) marked by present operation, transaction, movement or use <[as in] an [active] account>." Id. Claim 12 refers specifically to the activation of an account. Fiala's proposed construction is "to make active and usable by the consumer." (Pl. Brief at 20.) SVS suggests the definition "to make operational." (Def. Slide 24.) The text of Fiala's proposed definition demonstrates that the phrase "usable by the consumer" is an addition to the plain meaning of "active."

In addition, the patent specification anticipates a situation in which the data-encoded cards can be activated and made usable by individuals other than the consumer, namely thieves. *See, e.g.*, U.S. Patent No. 5,918,909, Column 5:30-34, 6:7-14, 18:45-53. It is clear, then, that "usable by the consumer" is not a definitional element of the word "activate." In the context of claim 12, SVS's definition coincides with the meaning that would be given to the term by an ordinary person skilled in the art. The court defines "to activate" as: "to make operational."

2. Said

Fiala wishes to define the phrase "using a data-encoded strip reader to read said encoded first identification number from said exposed data-encoded strip" to mean "using a data-encoded strip reader to read the encoded control number from the exposed data-encoded strip." (Pl. Brief at 33.) SVS objects to the substitution of the word "the" for "said." (Def. Resp. at 20.) The two words can be interchangeable in patent construction. For whatever reason, Fiala chose the term of art "said" in its prosecution of the patent. It may not now substitute the clearer and more modern "the" when it seeks enforcement from a lay jury. Because both parties agree that "first identification number" is the "control number" referred to in the specification, the court defines "using a data-encoded strip reader to read said first identification number from said data-encoded strip" to mean "using a data-encoded strip reader to read said control number from said data-encoded strip."

3. First Identification Number

Both parties agree that this term refers to the "control number" used in the specification of the '909 patent. Fiala wishes to define "a first representation of said first identification number" as "something that represents or stands for the control number." (Pl. Brief at 30.) SVS argues that "first identification number" means "a control number which is uniquely associated with the metered account." (Def. Brief at 13.) Fiala has pointed out in its response that the parties "have proposed constructions for the term 'first identification number' that are similar if not identical ..." (Pl. Resp. at 2.)

The dispute centers on the extent to which the first identification number must be "uniquely associated with the metered account." Fiala does not dispute this interpretation on its face, but objects on the basis that "uniquely associated" may be construed to mean that each account can correspond to only one control number. Fiala contends that the patent should be read to require that each control number can activate only one metered account. By implication, under Fiala's construction, one account could be associated with more than one control number, as long as each of these numbers is "uniquely associated" only with that account.

SVS cites to the preferred embodiments contained in the patent specification referring to a "unique" control number. U.S. Patent No. 5,918,909, Column 18:56-58, 20:39-41. To the extent that a "uniqueness" requirement exists in the preferred embodiments, it cannot be read to limit the plain language of claim 29. *See* Teleflex, 299 F.3d at 1326; Comark Communications, Inc. v. Harris Corp., 156 F.3d 1182, 1186 (Fed.Cir.1998). Because both parties wish to incorporate the term "control number" from the specification, however, the context in which that term is used will be considered. Although the cited embodiments state that the control number is "unique," it is unclear whether the number is unique in that it is only associated with one account or whether it is unique because it is the only number associated with the account in question.

One of the embodiments cited by Defendant directly contradicts the latter interpretation: "A single company can manufacture the first card C and the package 30, and correlate, as, for example, by a correspondence table, the control number to the PIN P *so that both numbers can be properly and uniquely associated with a metered account.*" *Id.*, Column 19: 9-13 (emphasis added). If an embodiment recommends that two different numbers can correspond so as to be "uniquely associated" with one account, "unique" cannot mean that there is only one number associated with a metered account. As a result, the characteristic of uniqueness taught by the '909 patent requires the control number to be associated with no more than one metered account.

Having reviewed the language of claim 12 in light of the specification, the court interprets the phrase "first identification number" to mean: "control number, associated with only one metered account."

4. A Certain Predetermined Balance

The meaning of "a certain predetermined balance" turns on the intended meaning of the word predetermined. Webster's defines predetermine as "(1)(a) foreordain, predestine (b) determine beforehand (2) to impose a direction or tendency on beforehand." WEBSTER'S at 978. Although both parties agree that the correct meaning is "determine beforehand," they disagree about how far beforehand the certain balance must be determined. Fiala proposes that "a certain predetermined balance" means "a balance that is fixed and stated prior to crediting of the metered account." (Pl. Brief at 31.) SVS submits that the term means "a fixed value given to a card prior to shipment to retail merchants." (Def. Brief at 14 .)

SVS contends that adopting Fiala's proposed construction of the phrase would render claim language superfluous. Every word in the claim is presumed to add meaning, and the claim should not be read in such a way as to render claim language superfluous. *See Exxon Chem. Patents, Inc. v. Lubrizol Corp.*, 64 F.3d 1553, 1557 (Fed.Cir.1995). According to SVS, any balance credited to the metered account must necessarily be determined before the account is credited with a dollar amount. For the word "predetermined" to add meaning to the claim, it must require the balance to be fixed at some earlier time. (See SVS Resp. at 18.) SVS cites the specification as guidance for the precise time the balance must be determined.

In several instances, the specification refers to problems in the prior art surrounding the use of so-called "hot cards." *See, e.g.*, U.S. Patent No. 5,918,909, Column 18:41-50, 18:51-54, 1:24-35. Hot cards are shipped with a metered account that is already activated; the balance on the account must, therefore, also be fixed. *See id.* That the prior art described cards with balances fixed before shipping, however, does not require that this definition be read into claim 29. In fact, a "predetermined balance" of this kind was part of the problem that the '909 invention sought to address.

Other aspects of the specification also contradict SVS's proposed meaning. "The metered account may have been credited with a certain predetermined balance when the metered account was entered into the digital computer [prior to shipping], but, if not, the digital computer will ... credit the metered account with a certain predetermined balance [when the card is activated by the store clerk at the time of purchase]." U.S. Patent No. 5,918,909, Column 20:1-5. The specification supports Fiala's construction and permits giving the card value either before shipment or at the time of activation. Claim terms are given their ordinary and customary meaning absent some contrary meaning indicated in the specification or the prosecution history. *See Teleflex*, 299 F.3d at 1324-25; *Johnson Worldwide Assoc., Inc. v. Zebco Corp.*, 175 F.3d 985, 990 (Fed.Cir.1999). As discussed above, the specification supports the ordinary meaning of predetermined as "determined beforehand." The prosecution history indicates no intent to vary from the ordinary and customary meaning. There is no indication that a person of ordinary skill in the art at the time of invention would have understood predetermined to mean determined before shipping as opposed to determined before the crediting of the account. Nothing supports the imposition of additional limitations not found in the claim language itself. The court, therefore, reads the claim language as supporting Fiala's interpretation rather than SVS's interpretation.

Having considered the claim language, specification and prosecution history, the court construes "a certain predetermined balance" to mean: "crediting the metered account with a balance that is fixed and stated prior

to crediting of the metered account." The evidence before the court indicates that a person of ordinary skill in the art would have so defined "a certain predetermined balance" at the time the patent was prosecuted, and this interpretation is consistent with the clear meaning of the claim language.

5. While Said First Card Is Secured to Said First Panel

Fiala proposes that this phrase means "the reading of the exposed data-encoded strip by the strip reader must occur while the first card is still secured to the first panel." (Pl. Brief at 33.) SVS agrees, but would append "so that the card can be activated without removing the card from the package and without tampering with, harming, or altering the package." (Def. Resp. at 21.)

In support, SVS cites the prosecution history of claim 12, arguing that the amendments therein require the construction it submits. As explained previously, the functional limitation SVS proposes is not supported by the claim text, the specification, or the prosecution history. Therefore, the court will not read it into claim 29, which depends on claim 12. With SVS's suggested phrase eliminated, the parties agree on the remaining construction, and the court will interpret it accordingly. "While said first card is secured to said first panel" means "the reading of the exposed data-encoded strip by the strip reader must occur while the first card is still secured to the first panel."

D. Language in Claim 30

Second Identification Number

Both parties agree that "second identification number" refers to the "Personal Identification Number" ("PIN") as used in the specification. (See Pl. Brief at 37; Def. Brief at 16.) The disputed questions are whether this number must be "different from" the first identification number ("control number") and whether it must "independently provide ... access to services and debiting of the metered account." In arguing that the PIN must be different from the control number, SVS cites the preferred embodiments:

Preferably, the PIN number P would be a very long sequence of digits and/or characters to ensure uniqueness and to inhibit guessing of the PIN number by a thief who otherwise could gain unauthorized access to the funds in the metered account.

U.S. Patent No. 5,918,909, Column 5:25-34.

When the first card C has a PIN number P displayed thereon, *it is desirable to obscure the PIN number P from view because any person knowing the PIN number P will have access to the metered account once the account has been activated.*

Id. at Column 6:3-7.

For example, if a thief were able to collect the PIN numbers for several metered accounts before purchase activation of those accounts, the thief would simply have to wait until the card and package combination was purchased by an unsuspecting purchaser and the account was activated, and *then the thief could surreptitiously drain the account of its funds by using its associated PIN to purchase goods and services.*

Id. at Column 6:7-14.

Prior art methods of providing the metered account associated with a card's PIN involve the activation and crediting of the metered account before the card is distributed to a retail merchant for resale. However, a prior art scheme using such pre-activated accounts necessarily requires that such cards be stored under lock and key by the retail merchant until the moment the cards are sold because, *if the cards are stolen or the PIN numbers surreptitiously discovered, the pre-activated metered accounts can be drained of funds*. The method of the present invention avoids such problems by not activating the metered account until the time of purchase of the card.

Id. at Column 18:42-53. (Def. Resp. at 10) (emphasis in the original). These embodiments refer to the fact that the control number functions to activate the account, while the PIN provides access to the account after it has been activated. The described arrangement makes it advantageous that the two numbers be different: if one number could both activate and access a metered account, a thief's job would be easier. SVS therefore argues that the primary advantage of the '909 invention over the prior art—overcoming the problems associated with "hot cards"—requires that the PIN be "different from" the control number.

Neither the specification nor the purpose of the '909 invention requires this result. In several instances, the specification states that the PIN is "preferably" different from the control number, implying that the claim itself is not so limited. See U.S. Patent No. 5,918,909, Column 19:4-8, 20: 42-45. Furthermore, claim 29 (on which claim 30 depends) refers to a first identification number which is "encod[ed] ... onto said data-encoded strip." *Id.*, Column 24:63-64. This language indicates that, rather than being printed on the card, the control number is accessed only by mechanized reading of the data-encoded strip. Under this arrangement, surreptitious viewing of the PIN does not mean that a thief would gain knowledge of the control number, because there would be no way of knowing if the two were identical. Additionally, claim 29 speaks of activating the metered account through a "processing apparatus," implying that mere knowledge of the control number is not enough to activate the account. *Id.*, Column 24:67-25:12. For these reasons, the court declines to interpret claim 30 to require that the PIN be different from the control number.

SVS claims that "second identification number" must be defined as "independently" providing access to the metered account. This argument appears to be based on the assertion that the PIN must be different from the control number. (Def. Brief at 16; see also Def. Reply at 11.) SVS argues, however, that the term means only that the second identification number is not dependent upon any other number or data in order to provide access to services and debiting the metered account. (Def. Reply at 11.) It is apparent from the language and context of claim 30 that providing access to the metered account is the purpose of the PIN; further clarification of the purpose is unnecessary. To the extent that the PIN may provide access "independent" of something besides the control number, claim 30 speaks for itself.

Both parties agree that the second identification number may be construed as " 'a personal identification number' ('PIN') that 'is uniquely associated with the metered account, and provides access to services and debiting of the metered account.' " (Pl. Resp. at 11.) The court will construe the term accordingly. It is clear from the intrinsic evidence that "uniquely associated with a metered account" describes a relationship between the second identification number and metered account similar to that between the first identification number and metered account discussed above. Therefore, the court will similarly construe "uniquely associated with" in this context to mean "associated with only one."

Having reviewed the claim language, specification, and prosecution history, the court defines "a second identification number" as "a personal identification number, associated with only one metered account, which provides access to services and debiting of that metered account."

IV. Conclusion

For the foregoing reasons, the court construes "in combination" to mean "the aggregate of;" "a first card generally defining a plane" to mean "a first card generally defining a plane;" "package" to mean: "a covering, wrapper, or container capable of holding a product for the purposes of merchandising and display prior to purchase;" "secured to" to mean "held fast;" "so that at least a portion of said data-encoded strip is exposed and displaced externally remote from a portion of said outer perimeter of said first panel in a direction substantially parallel to the plane of said first card" to mean "so that at least a portion of said data-encoded strip is exposed to view, and said portion is displaced externally remote from a portion of said outer perimeter of said first panel in a direction substantially parallel to the plane of said first card;" "to activate" to mean "to make operational;" "said" to mean "said;" "first identification number" to mean "control number, associated with only one metered account;" "a certain predetermined balance" to mean "crediting the metered account with a balance that is fixed and stated prior to crediting of the metered account;" "while said first card is secured to said first panel" to mean "the reading of the exposed data-encoded strip by the strip reader must occur while the first card is still secured to the first panel;" and "a second identification number" to mean "a personal identification number, associated with only one metered account, which provides access to services and debiting of that metered account."

So ORDERED.

W.D.Tenn.,2005.

Barry Fiala, Inc. v. Stored Value Systems, Inc.

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