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Firm sues Amex, Visa

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A small Stamford company is taking on two giants in the credit card industry, suing American Express Co. and Visa USA Inc., charging them with patent infringement. SpendingMoney LLC in Stamford claims the credit card agencies infringed on a patent for a data processing method for configuring and monitoring prepaid debit cards through a host credit card.

The method enables credit-card holders to deduct money from their available balance and use it to establish a maximum spending amount for a satellite spending card, increasing it at their discretion.

The company said in its complaint, filed Sept. 10 in U.S. District Court in Connecticut, that the defendants stole ideas for their American Express Travelers Cheque Card and Visa Buxx products from SpendingMoney LLC.

Joseph Pastore, an attorney who is representing SpendingMoney in the suit, said his client has not specified exactly how much it is seeking in damages but said the amount is "substantial."

"In part, it is a function of the profits and revenues earned by American Express and Visa on these ongoing products," said Pastore, a managing partner at the Stamford office of the New York City-based Dreier LLP law firm.

A spokeswoman for New York City-based American Express said the company would not comment.

Visa said in a statement, "Visa is aware of the lawsuit. At this early stage, it is not possible to make any reasonable evaluation of the claims alleged."

The lawsuit claims David Armetta and David Tempest showed American Express their SpendingMoney product and offered the company licensing opportunities in 1997. The suit said Visa also is infringing on the SpendingMoney product in its Visa Buxx card.

Pastore said his client waited until this year to file the suit because it needed to thoroughly gather evidence for its case.

He said Dreier spent a couple of years doing research for the case, and his client is willing to spend a lot of money pursuing it.

Patent lawsuits can cost millions of dollars but can be lucrative if the plaintiff wins, said Mark Nowotarski, president of Markets, Patents & Alliances LLC, a patent consulting firm in Stamford.

One expense is hiring technical experts to explain evidence in a patent case to a jury, he said.

Nowotarski mentioned a small St. Louis company that won an \$80 million settlement from The Hartford insurance giant for patent infringement in 2004. "Patents are a great equalizer," he said.

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