NOTE: This disposition is nonprecedential.

United States Court of Appeals for the Federal Circuit

ALEXSAM, INC.,
Plaintiff-Appellant

v.

SIMON PROPERTY GROUP, L.P., BLACKHAWK NETWORK, INC.,
Defendants-Appellees

US BANK NA,
Defendant

2022-1598

Appeal from the United States District Court for the Eastern District of Texas in No. 2:19-cv-00331-RWS-RDP, Judge Robert Schroeder, III.

Decided: April 1, 2024

STEVEN RITCHESON, Insight, PLC, Marina del Rey, CA, argued for plaintiff-appellant. Also represented by JACQUELINE KNAPP BURT, Heninger Garrison Davis, LLC, Atlanta, GA; TIMOTHY C. DAVIS, W. LEE GRESHAM, III, Birmingham, AL.

ELIZABETH M. MANNO, Venable LLP, Washington, DC, argued for defendant-appellee Simon Property Group, L.P. Also represented by TIMOTHY J. CARROLL, Orrick, Herrington & Sutcliffe LLP, Chicago, IL; LAURA A. WYTSMA, Los Angeles, CA.

JASON F. HOFFMAN, Baker & Hostetler LLP, Washington, DC, argued for defendant-appellee Blackhawk Network, Inc. Also represented by JAMES B. HATTEN, Atlanta, GA.

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Before PROST, TARANTO, and HUGHES, *Circuit Judges*.

HUGHES, *Circuit Judge*.

AlexSam, Inc. appeals the U.S. District Court for the Eastern District of Texas's grant of Simon Property Group, L.P.'s and Blackhawk Network, Inc.'s non-infringement summary judgment motions. AlexSam contends that the district court erred in its application of the stipulated claim construction of "unmodified" and that genuine issues of material fact exist. For the reasons that follow, we affirm.

I

Appellant AlexSam owns U.S. Patent No. 6,000,608, which discloses a "multifunction card system." '608 patent Abstract. The system includes a multifunction card that "can serve a number of functions, thus allowing the consumer to have one card which may act as their card for financial transactions, long-distance telephone calls, loyalty information, and medical information." *Id.* at 3:3–6. These cards do not require special programming to be used: they can be activated, reloaded, or used at existing, rather than specialized, point-of-sale retail devices. *Id.* at 4:14–20.

Independent claim 34 provides:

A system comprising:

a. at least one electronic gift certificate card having an electronic gift certificate card unique identification number encoded on it, said electronic gift certificate card unique identification number comprising a bank identification number approved by the American Banking Association for use in a banking network;

b. a transaction processor receiving electronic gift card activation data from an *unmodified existing standard retail point-of-sale device*, said electronic gift certificate card activation data including said unique identification number and an electronic gift certificate card activation amount;

c. a processing hub receiving directly or indirectly said activation data from said transaction processor; and

d. said processing hub activating an account corresponding to the electronic gift certificate card unique identification number with a balance corresponding to the electronic gift certificate activation amount.

Id. at 16:15–33 (emphasis added). Independent claim 60 recites "[a] method of activating a prepaid card" by "swiping the card through an *unmodified existing standard point-of-sale device.*" *Id.* at 18:58–19:2 (emphasis added).

A

During prosecution of the '608 patent, the inventor distinguished their invention from the prior art because the patented invention "is specifically intended to be deployed over an existing banking network," therefore "custom software is not necessary at the activating location . . . . *Thus, existing point-of-sale devices known in the art for processing credit card and/or debit card transactions can be utilized without modification.*" J.A. 3469 (emphasis added). The patent examiner allowed the claims once the inventor

inserted the word "unmodified" before "existing standard point-of-sale device." *See* J.A. 3486–87. The '608 patent subsequently issued.

B

There has been much litigation regarding the meaning of "unmodified existing standard [retail] point-of-sale device"[1] as used in the '608 patent's claims. AlexSam sued Datastream Card Services Ltd. for infringement of the '608 patent in 2003. *Alexsam, Inc. v. Datastream Card Servs. Ltd.*, No. 2:03-cv-337 (E.D. Tex. Sept. 26, 2003), ECF No. 1. There, the district court issued a claim construction order, construing "unmodified existing standard [retail] point-of-sale device" to mean "a terminal for making purchases at a retail location of the type in use as of July 10, 1997 that has not been reprogrammed, customized, or otherwise altered with respect to its software or hardware for use in the card system" (hereinafter, the *Datastream* construction). *Alexsam, Inc.*, No. 2:03-cv-337 (E.D. Tex. June 10, 2005), ECF No. 199 at 9. The district court reasoned that, based on the prosecution history, the "examiner required the inclusion" of "unmodified" "to clarify that the systems claimed in the '608 patent did not require any hardware and/or software modifications to the existing standard retail POS devices." *Id.*

In subsequent litigation involving the '608 patent, AlexSam has stipulated to the *Datastream* construction of "unmodified existing standard [retail] point-of-sale device." *See, e.g., Alexsam, Inc. v. IDT Corp.*, 715 F.3d 1336, 1339

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[1]   Independent claim 34 includes the bracketed term "retail," whereas independent claim 60 does not. The parties do not argue that the exclusion of "retail" meaningfully changes the scope of claim 60 relative to claim 34. For simplicity, we refer to both claim limitations as "unmodified existing standard [retail] point-of-sale device."

(Fed. Cir. 2013) (*IDT*); *Alexsam, Inc. v. Gap, Inc.*, 621 F. App'x 983, 986 (Fed. Cir. 2015) (*Gap*). In both cases, the construction of "unmodified existing standard [retail] point-of-sale device" was an important aspect of the disputes. In *IDT*, we reversed a district court's judgment of infringement because AlexSam did not provide sufficient evidence that "no modifications were actually made to the [accused systems'] software in order to allow them to activate [the accused's] cards." 715 F.3d at 1342, 1348. And in *Gap*, we reversed a district court's denial of judgment as a matter of law because AlexSam did not show prior conception of an "unmodified" point-of-sale device. 621 F. App'x at 994–95.

<div align="center">C</div>

Appellee Simon sells self-branded gift cards, including a Visa Gift Card, a 5% Back Visa Gift Card, and an American Express Gift Card. AlexSam initially sued only Simon, alleging that its gift cards infringed independent claims 34 and 60 and various dependent claims of the '608 patent. AlexSam later amended its complaint to include infringement claims against Appellee Blackhawk, the entity that supplies and activates some of the accused Simon-branded gift cards.

During claim construction, AlexSam, Simon, and Blackhawk agreed that the *Datastream* construction of "unmodified existing standard [retail] point-of-sale device" should be applied. J.A. 29, 67–68. Under the *Datastream* construction, "unmodified existing standard retail point-of-sale device" means "[a] terminal, for making purchases at a retail location, that is of the type in use as of July 10, 1997, and that has not been reprogrammed, customized, or

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