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Payment Systems

New York Ruling Could Help Banks Dismiss Claims on Check Technology

A New York state court has dismissed a plaintiff's claims that he is the co-owner of a widely used check imaging process in a ruling that could help bank co-defendants dismiss related claims for millions in licensing fees and other payments (*Doukas v. Ballard*, N.Y. Sup.Ct., No. 9267/11, 5/1/13).

The ruling by the New York Supreme Court's commercial division in Suffolk County involved Ted Doukas, who claimed a mid-1990s agreement gave him a 50 percent ownership interest with Claudio Ballard in electronic check technology that Ballard later transferred to Data Treasury Corporation, which now leases that technology to major banks.

Judge Elizabeth H. Emerson dismissed Doukas' complaint in a May 1 decision released May 10, holding the bulk of Doukas' claims are barred by statutes of limitation while saying others fail for separate reasons.

The decision only applies to Ballard, Data Treasury, and two other individual defendants. According to Emerson, "the complaint is dismissed insofar as it is asserted against them."

Banks May Benefit. But Citigroup, Deutsche Bank, Bank of America, JPMorgan, Keycorp, HSBC and a who's-who list of other banking and financial firms named as co-defendants also are expected to benefit.

Doukas claimed an interest in all past and future profits generated by the technology. He also sought a ruling that the banks owed him payments on licensing fees and other amounts, but those claims depend heavily on the underlying suit, which has now been dismissed.

Emerson's decision is good news for bank co-defendants, according to Scott E. Mollen, a partner with Herrick, Feinstein LLP in New York who represented Ballard and two other individuals in the suit.

"This paves the way for the banks to move to dismiss if the plaintiff doesn't voluntarily withdraw," Mollen told BNA May 14.

Data Treasury did not immediately respond to a request for comment. Doukas was represented by Robert J. Del Col of the Law Offices of Robert J. Del Col in Smithtown, N.Y. Del Col did not immediately respond to a request for comment.

By CHRIS BRUCE

The ruling is at <http://op.bna.com/bar.nsf/r?Open=cbre-97pmeg>.