

Star-Telegram

August 6, 1998

PhoneTel plans legal battle with corporate giants

Mark P. Couch

Star-Telegram Staff Writer

A patent dispute between a Fort Worth firm and 13 of the world's largest companies landed in a federal courtroom yesterday when a gaggle of corporate litigators crowded into town and set a court date.

"It looks like a bar convention in here," said U.S. District Judge Eldon Mahon, who presided over the gathering of more than 30 lawyers in his courtroom yesterday.

PhoneTel Communications, the Fort Worth patent firm, says 13 of the world's most technically advanced companies stole technology used in caller ID devices, answering machines and other telephone products.

Two powerhouse companies - hometown merchant Tandy Corp. and global giant Sony Electronics - conceded last month that they have

been selling products that infringed on PhoneTel's patents for six years.

Both companies settled the case, but the terms aren't disclosed in court documents. Tandy and PhoneTel officials declined to comment, and Sony's lawyer didn't return phone calls.

Yesterday, lawyers from New York, Los Angeles, Chicago, Dallas and Washington, D.C., were in Fort Worth to argue about when they will argue over caller ID boxes, phone devices and PhoneTel's disputed patents.

The lawyers represent 11 huge companies: AT&T, Lucent Technologies, Brother International, BellSouth, Toshiba America Consumer Products, Toshiba Information Systems, Southwestern Bell Telecommunications, Packard Bell NEC, Uniden USA, Conair and Compaq Computer.

Brother International, a fax machine maker, said it

plans to settle with PhoneTel this week.

The corporate litigators pushed yesterday for a tight timetable that would force PhoneTel to name other defendants by Aug. 14 but would postpone the trial until late 2000.

PhoneTel wants 60 days to name other defendants but wants the case to go to trial next year.

Jonathan Suder, a Fort Worth lawyer representing PhoneTel, asked the court to appoint a special master to oversee the case and help steer it through the court system. That person would have the power to help broker settlements between PhoneTel and the defendants.

Joseph F. Cleveland Jr., a Fort Worth lawyer representing Uniden and Toshiba American Consumer Products, asked Mahon to wait until PhoneTel has named all its potential defendants and infringed patents.

Since the case was filed, it has sprawled into an ever-widening list of companies that PhoneTel says has infringed on its patent portfolio. Cleveland said PhoneTel is considering drawing pager companies into the lawsuit.

Mahon asked the lawyers to submit proposals for a special master by Aug. 14 and urged the defense lawyers to work together on documents to eliminate repetitive arguments.

The company filed suit in January and updated it in April.

The original lawsuit claimed that AT&T and Lucent Technologies reneged on a contract to pay royalties for using caller ID technology owned by PhoneTel. PhoneTel estimates that AT&T and Lucent haven't paid at least \$2 million in royalties.

Mark P. Couch,
(817) 390-7727
mcouch@star-telegram.com