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Firm not sapped by patent dispute

DSS finds success foiling counterfeiters

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When Rochester's Document Security Systems Inc. filed a lawsuit against the European Central Bank for alleged patent infringement, observers could be forgiven if it seemed that the small company was tilting at windmills.

But the lawsuit is turning out to be anything but quixotic, and instead of waiting around for a resolution, the company is moving ahead with a series of projects that have its bottom line growing.

DSS makes patented technology that prevents counterfeiting. The techniques include special inks that create interference patterns when printed or copied to help detect fraudulent documents, anti-counterfeiting measures called pantographs, and thermal inks that disappear when rubbed a certain way.

In August 2005, DSS alleged that the euro currency had anti-counterfeiting measures that violated a European patent held by the company. The central bank countersued,



KATHARINE SIDELNIK staff photographer
DSS made news in 2005 by suing the European Central Bank for an alleged patent infringement over a security feature on the euro currency.

saying DSS' European patent is invalid and was mistakenly issued. The bank asked that the lawsuit be heard not by a European Union claims court in Luxembourg, but separately in each country that uses the euro. The bank has filed lawsuits in those nine countries

In January, DSS Chief Executive Patrick White and President Peter Ettinger, who joined the company in June, will be in London for a week of hearings on the countersuit.

"We were surprised at their response," Ettinger said.

But it in the meantime the company has moved ahead with a variety of new initiatives.

"While the suit is certainly important, it is not the future of the company," Ettinger said.

One key addition: DSS' purchase of California Plastic Printing Professionals Inc. in February. That acquisition has enabled DSS to print security cards and licenses that use its technology, which has led to big contracts.

Last week, the company signed a deal with Long Island-based Identification and Data Imaging to produce and distribute driver's licenses. IDI agreed to buy at least \$1 million worth of DSS products during 2007.

The company's technology has been popping up in other places, too: real estate licenses in California, construction bonds in Mexico, truck driver's licenses in Colorado, authenticity certificates for Boeing aircraft parts.



KATHARINE SIDELNIK staff photographer

Document Security Systems CEO Pat White, left, of Victor and President Peter Ettinger of Takoma Park, Md., like where their Rochester business is going.

Run one of those documents through a copier in an attempt to duplicate it, and a message appears on the paper warning that the document is unauthorized.

The technology can be used with other measures such as glossmarks, microprinting and holograms. But DSS helps form a foundation that can be printed using any inkjet printer.

"We're the ink on the paper," White said. "And that's a key point."

The next step is making the technology truly digital, allowing the end user to customize security features on each document. That work is under way, White said.

The company is also working with packaging firms on deals that would use DSS technology on boxes and other packages, and with the gaming industry to explore using the technology to secure slot machine receipts and even poker chips.

The strategies seem to be working. Revenue is up, and employment has risen from 26 in 2005 to more than 50. Twenty-five more workers could be added in 2007.

White said the company will be looking to open a printing center similar to the California operation in the Rochester area.

"We're building a company," Ettinger said.

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