



## LML Patent Corp. Files Patent Infringement Suit

VANCOUVER, BC, July 14, 2004 -- LML Patent Corp. ("LML"), a wholly-owned subsidiary of LML Payment Systems Inc. (the "Corporation") (Nasdaq: LMLP) filed suit today in the U.S. District Court for the District of Delaware against four companies who provide equipment, systems and services that convert paper checks presented at the point of sale into electronic transactions.

In the suit, LML alleges that Telecheck Services Inc., Electronic Clearing House Inc., Xpresschex Inc. and Nova Information Systems Inc. infringe U.S. Patent Nos. 5,484,988; 6,164,528 and 6,283,366. LML is seeking damages, injunctive and other relief for the alleged willful infringement of these patents.

"The filing of this lawsuit is consistent with our strategic objective to develop revenue streams from the licensing of our intellectual property," said Patrick H. Gaines, chief executive officer and president of LML Patent Corp. and LML Payment Systems Inc. "During the fiscal year ended March 31, 2004, we awarded a non-exclusive license to Verus Financial Management Inc., which is one of our competitors providing electronic check conversion services at the point of sale. We will not allow Telecheck and ECHO and its wholly-owned subsidiary Xpresschex, and Nova to use our intellectual property without a proper license."

LML is represented by Russell E. Levine, P.C., Christian Chadd Taylor, Edward K. Runyan and Soo Choi of the Chicago office of law firm Kirkland & Ellis LLP. In January 2004, Kirkland & Ellis ranked as a top three finalist in *The American Lawyer's* "IP Litigation Department of the Year" survey. In the 2003 IP Law & Business Survey, "Swords and Shields", Kirkland & Ellis ranked first among all firms of patent cases handled. Kirkland & Ellis also is the No. 1 Intellectual Property Department as ranked by Fortune 250 companies in Corporate Counsel's "Who Represents America's Biggest Companies" survey.

### **About LML Payment Systems Inc. ([www.lmlpayment.com](http://www.lmlpayment.com))**

The Corporation, through its subsidiary LML Payment Systems Corp., is a financial payment processor providing check processing solutions including electronic check authorization, electronic check conversion (ECC) and primary and secondary check collection including electronic check re-presentment (RCK) to national, regional and local retailers. We also provide selective routing of debit, credit and EBT transactions to third party processors and banks for authorization and settlement. The Corporation's intellectual property estate, owned by subsidiary LML Patent Corp, includes U.S. Patent No. 6,354,491, No. 6,283,366, No. 6,164,528, and No. 5,484,988 all of which relate to electronic check processing methods and systems.

### **About Kirkland & Ellis LLP ([www.kirkland.com](http://www.kirkland.com))**

Kirkland & Ellis LLP is a 1,000-attorney law firm representing global clients in complex corporate and tax, workout, insolvency and bankruptcy, litigation, dispute resolution and arbitration, and intellectual property and technology matters. The Firm has offices in Chicago, London, Los Angeles, New York, San Francisco and Washington.

Statements contained in this news release which are not historical facts are forward-looking statements, subject to uncertainties and risks. For a discussion of the risks associated with the Corporation's business, please see the documents filed by the Corporation with the SEC.

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