

CONTROLLED ENTERTAINMENT SPENDING ACCOUNT

CROSS-REFERENCE TO RELATED APPLICATIONS

[0001] This application is a Continuation of U.S. patent application Ser. No. 09/781,715 filed Feb. 12, 2001, which, in turn, is a Continuation-In-Part of U.S. application Ser. No. 09/478,051 filed Jan. 15, 2000, which in turn is a Divisional of U.S. application Ser. No. 08/876,958 filed Jun. 16, 1997, which in turn issued on Mar. 28, 2000 as U.S. Pat. No. 6,044,360, and which in turn, is a Continuation-In-Part of U.S. patent application Ser. No. 08/585,173 filed Apr. 16, 1996. This application also claims benefit of Provisional U.S. Application Ser. No. 60/244,800 filed Nov. 1, 2000. The disclosures of all five applications are incorporated by reference.

BACKGROUND OF THE INVENTION

[0002] The present invention relates to systems for transferring funds, such as periodic allowance payments, by an account holder from a pre-established account to a third party recipient for the funds designated by the account holder for use in purchasing audio and video entertainment in the form of goods and services, for example, over the internet. In particular, the present invention relates to systems for transferring funds in which the account holder is provided with control over how the funds are spent by the third party recipient, either with respect to content or dollar amount.

[0003] ATM and debit card systems have gained wide acceptance as means for performing currency transactions. In addition to providing the ability to withdraw cash from a bank account or a credit card line, it is now possible to pay for a point-of-sale transaction with an electronic funds transfer. The computer networks that support ATM and debit card systems make it possible to design transactions that go beyond the conventional exchange of cash for goods or services.

[0004] For example, U.S. Pat. No. 5,287,269 discloses a system that uses a card similar to a debit card to control access within a recreational facility such as an amusement park. The card replaces the tickets or tokens conventionally used to control access to amusement rides and arcade games. Thus, a parent may provide a child with a pre-paid card encoded with sufficient credit to ensure an enjoyable day of entertainment.

[0005] U.S. Pat. No. 5,321,241 discloses a system that uses a card similar to a debit card to track the spending of casino promotional funds by individual gamblers. The purpose of the card is to prevent gamblers from spending promotional funds on food, or even in other casinos, and to ensure that the promotional funds are only spent on gambling within the issuing casino.

[0006] U.S. Pat. No. 5,350,906 discloses a debit card system in which funds may be electronically transferred by an account holder to a third party recipient by the issuance of a fixed currency limit debit card to the recipient at his or her location. One advantage to this system is that the recipient need not have a preestablished ATM or debit card account with the issuing bank or other institution. The

system may be used by parents to issue periodic allowance payments or spending money, for example, to a son or daughter away at college in a distant city.

[0007] In each of the foregoing systems, however, the funds transferor is not provided with control over how the money is spent by the transferee, or provided with an accounting thereafter. For example, the parent who buys their child the pre-paid card for amusement park access of U.S. Pat. No. 5,287,269 has no way of preventing the child from spending the entire card on video games and cotton candy, or of even knowing later whether this has happened.

[0008] The casino issuing the card of U.S. Pat. No. 5,321,241 may be willing to allow a portion of the funds to be spent on food or lodging if a limit could be established, and if it could later know how much money was actually spent on gambling. It would also be useful for the casino to know how the money was actually gambled for purposes of including a gambler on more specific future promotions, such as a slot machine promotion or a blackjack promotion.

[0009] A parent issuing the fixed currency limit debit card of U.S. Pat. No. 5,350,906 to a son or daughter away at college has no way to ensure that most of the funds are spent at the college bookstore and not withdrawn as cash or spent on rounds of drinks at the local pub. There is no way for the parent to know how the money was actually spent.

[0010] In the coming months, many digitalized forms of entertainment will be available for downloading from the internet for a fee. It is expected, for example, that Napster will charge a fee payable, in part, to the copyright holder of any music file that is copied. Many internet service providers are planning to establish similar sites for selling music content, either by charging a fixed fee per file transfer, or by charging a periodic, i.e., monthly, subscription rate. One can envision similar services becoming available for music videos, movies, video games, and similar digitalized forms of entertainment.

[0011] Once digitalized forms of entertainment become available for copying from the internet at a reasonable fee, parents and other fund providers will want to control how much money their children/fund recipients spend per week or per month on obtaining copies of the entertainment, and to control the content of the entertainment that they are able to access.

[0012] A need exists for a system in which an account holder may electronically transfer funds from a preestablished account to a third party recipient with limits set on how the money may be spent and then receive a subsequent accounting of how the money was actually spent.

SUMMARY OF THE INVENTION

[0013] This need is met by the present invention. It is an object of the present invention to provide a system and a computer-based method in which account holders may transfer funds from preestablished accounts to third party recipients and then receive an itemized statement of how the recipients spent the funds.

[0014] Another object of the invention is to provide a system and a computer-based method in which account holders may transfer funds from preestablished accounts to third party recipients and set limits on the goods or services