

May 6, 2019

IP Case Review: *Trading Technologies International v. IBG, Interactive Brokers*

The world of intellectual property law is rapidly changing, driving opportunities for established companies and inventors. In the first of our “IP Case Review,” series, we explore two Federal Circuit Court cases and their impact on how practitioners can avoid a Covered Business Method decision on the technological invention prong. The two cases we explore are:

- *Trading Technologies International, Inc. v. IBG LLC, Interactive Brokers, LLC* (Fed. Cir. April 19, 2019). *Panel: Moore (author), Mayer, and Linn*
- *Trading Technologies International, Inc. v. IBG LLC, Interactive Brokers, LLC* (Fed. Cir. April 30, 2019), *Panel: Moore (author), Clevenger and Wallach.*

In these recent cases, the Federal Circuit affirmed two Patent Trial and Appeal Board’s (“PTAB”) decisions that the claimed subject matter is directed to ineligible subject matter. Both cases moved to the Federal Circuit after appeal from Covered Business Method (“CBM”) decisions by PTAB invalidating claims generally aimed at displaying market information to traders. Notably, a different Federal Circuit panel in February held that claims of different patents owned by Trading Technologies International, Inc. (“TT”), but also aimed at graphical user interfaces (“GUI”), were aimed at technological inventions and thus not subject to CBM review.

In addition to eligibility, the question on appeal was whether the subject matter of the claims qualified under the “technological inventions” exception to CBM review.

The America Invents Act (“AIA”) makes CBM review available for any “patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service” AIA § 18(a)(1)(E). However, AIA exempts from CBM review “patents for technological inventions.” AIA § 18(a)(1)(E), (d)(1). Through prior regulation, the Patent Office interpreted the “technological invention” exemption:

In determining whether a patent is for a technological invention solely for purposes of the Transitional Program for Covered Business Methods (section 42.301(a)), the following will be considered on a case-by-case basis: whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.

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37 C.F.R. § 42.301(b). Previously, the Federal Circuit expressed dissatisfaction with the Patent Office's guidance, but did not clearly create its own guidance on what constitutes a "technological invention." *Versata v. SAP*, 793 F.3d 1306, 1326-27 (Fed. Cir. 2015). Later the Federal Circuit stated that a patent had to both have a "technological feature" and "solve[] a technological problem using a technical solution" to be a "technological invention." *Apple v. Ameranth*, 842 F.3d 1229, 1240 (Fed. Cir. 2016). The two TT decisions provide additional clarification as to what is a technical solution to a technological problem.

TT attempted to argue the inventions satisfied this requirement because they addressed issues in how GUI tools were constructed and solved problems related to speed, efficiency, intuitiveness, visualization, and usability of the GUI systems. April 18, 2019 Slip Op. at 8-9.

The Federal Circuit was not convinced. "This invention makes the *trader* faster and more efficient, not the computer. This is not a technical solution to a technical problem." April 18, 2019 Slip Op. at 9 (emphasis in original). The Federal Circuit focused on the fact the invention did not change a computer or provide a new type of computer and in fact the specification stated that the invention could be used on any standard terminal with processing capability and could use any known technique to map the data to the display. The April 30th opinion again focused on the same issue stating that "merely providing a trader with new or different information in an existing trading screen is not a technical solution to a technical problem." Apr. 30, 2019 Slip Op. at 7.

The Court did not address the first prong of 42.301(b) (the novel and unobvious language") or address whether that prong was still valid in light of these decisions, *Versta*, and *Apple*.

The takeaway for practitioners and patent holders is that if you wish to avoid a CBM based on the "technological invention" prong, the problem and the solution must be in the technology itself and not how it improves or assists the user.

Notably, when addressing the Federal Circuit looked unfavorably at TT trying analogize the present inventions to other prior inventions held subject matter eligible and "technological inventions," even the prior Federal Circuit opinions on other TT patents:

TT argues that because nonprecedential decisions of this court held that other TT patents were for technological inventions or claimed eligible subject matter, we should too. We are not bound by non-precedential decisions at all, much less ones to different patents, different specifications, or different claims. Each panel must evaluate the claims presented to it. Eligibility depends on what is claimed, not all that is disclosed in the specification.

April 18, 2019 Slip Op. at 19.

Another brief note to address for practitioners is how to properly maintain issues on appeal. In both opening briefs, TT provided four sentences arguing that CBM review violated its "right to a right to a jury under the Seventh Amendment, separation of powers under Article III, the Due Process Clause, and the Taking Clause." April 18, 2019 Slip Op. at 19. The Federal Circuit found that "a conclusory assertion with no analysis to the underlying challenge is insufficient to preserve the issue for appeal." *Id.* The lesson here is that, while space constraints are difficult, if you wish to truly argue an issue like constitutionality you need to credibly and fully brief it. If you cannot do that you are better off saving those short sections for something related to the main arguments made in the briefs.

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As a reminder, CBM review will end in September 2020 unless any of the currently discussed patent reform changes that.

If you have any questions about these cases or their impacts, please contact a member of Foster Pepper's [Intellectual Property](#) team.

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