



TRADING TECHNOLOGIES
INTERNATIONAL, INC. V. CQG, INC., C.A.
NO. 2016-1616,
2017 U.S. APP. LEXIS 834



WILLIAM GVOTH
HARRITY & HARRITY LLP
11350 Random Hills Road
Suite 600
Fairfax, VA 22030

Trading Technologies International, Inc. v. CQG, Inc.,
C.A. No. 2016-1616, 2017 U.S. App. LEXIS 834 (Fed. Cir. Jan. 18, 2017)

Trading Technologies International, Inc. v. CQG, Inc. relates to abstract ideas under § 101. In *Trading Technologies*, two patents were at issue: U.S. Patent Nos. 6,772,132 ('132) and 6,766,304 ('304) (referred to collectively as "patents"). These patents shared a common specification and related to a method and a system for electronic trading of stocks, bonds, futures, options and similar products. The patents describe a problem that arises when a trader attempts to enter an order at a particular price but misses the price because the market moved before the order was entered. The patents describe implementations that reduce the time it takes for a trader to place a trade when electronically trading on an exchange and that improve the way information is displayed to the trader. For example, the implementations display market depth, which moves visually up/down and left/right as the market for a product fluctuates. In addition, the implementations described in the patents permit a user to place an order for a product via a click on a user interface.

Trading Technologies appealed, to the Federal Circuit, the decision of the District Court for the Northern District of Illinois (District Court), finding that the patents were directed to patent-eligible subject matter under the two step test from *Alice Corporation Pty. Ltd. v. CLS Bank International (Alice)*, 573 U.S., 134 S. Ct. 2347 (2014). The Federal Circuit affirmed.

To analyze the patent eligibility of the patents, the Federal Circuit selected claim 1 of the '304 patent as the representative claim. At a high level, claim 1 of the '304 patent was directed to "a method for displaying market information relating to and facilitating trading of a commodity being traded in an electronic exchange...on a graphical user interface" that comprised dynamically or statically displaying various information and submitting a trade based on a user selection of a portion of the user interface.

The Federal Circuit analyzed the District Court's analysis of the representative claim under the two step test from *Alice*. Under the first step, the Federal Circuit reviewed, and agreed with, the District Court's findings that the patents solve problems of prior graphical user interface devices used for computerized trading. Specifically, the Federal Circuit stated that "the patents describe a trading system in which a graphical user interface 'display[s] the market depth of a commodity traded in a market" including various static and dynamic displays and this graphical user interface solves "problems of prior graphical user interface devices...relating to speed, accuracy and usability.'" Further, the Federal Circuit referenced the District Court's findings that "the challenged patents do not simply claim displaying information on a graphical user interface" but rather "require a specific, structured graphical user interface paired with a prescribed functionality directly related to the graphical user interface's structure that is addressed to and resolves a specifically identified problem in the prior state of the art." Based on the reasons stated by the District Court, the Federal Circuit agreed that the patents presented patent-eligible subject matter.

The Federal Circuit then analyzed the District Court's analysis of the representative claim under the second step of the test from *Alice* and concluded that the District Court correctly "determined that the challenged claims recite an 'inventive concept.'" The Federal Circuit agreed with the District Court's identification of the feature of "the static price index as an inventive concept" that permits more efficient and accurate trade placement when using electronic trading systems. In addition, Federal Circuit agreed with the District Court's distinction of the trading system from a conventional computer or the Internet based in part on the idea that the trading system presents "specific technologic modifications to solve a problem or improve the functioning of a known system."

One of the main takeaways from the Federal Circuit's analysis is that the claimed graphical user interface addresses specific problems with prior art graphical user interfaces in electronic trading. In other words, the claimed invention includes an improvement to the functioning of technology and steps that address a specific problem. This decision highlights the importance of framing a problem solved by an invention in technical terms and then presenting claims that solve the problem.