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BY CM/ECF
The Honorable Douglas E. Arpert, U.S.M.J.
United States District Court
Clarkson S. Fisher Federal Building
& U.S. Courthouse
402 East State Street
Trenton, New Jersey 08608

Re: *Oanda Corporation v. Gain Capital Holdings, Inc., et al.*
Civil Action No. 20-05784-BRM-DEA

Dear Magistrate Judge Arpert:

We along with our co-counsel Wilson Sonsini Goodrich & Rosati P.C., represent Defendants GAIN Capital Holdings, Inc. and GAIN Capital Group, LLC (collectively, "GAIN") in the above matter.

In accordance with Your Honor's Chambers Rules, we write to respectfully request Your Honor's permission to file a motion for judgment on the pleadings, pursuant to Fed. R. Civ. P. 12(c), of all Counts in Plaintiff OANDA Corporation's ("OANDA") First Amended Complaint ("FAC") (ECF No. 59).[1]

This issue is ripe for this Court and is a preliminary matter that Defendants respectfully submit should be decided before the parties launch into full-blown and expensive discovery on all aspects of this case, and the Court expends significant efforts in overseeing the case and the discovery disputes that inevitably will arise.

I. Plaintiff's Patent Claims Are Invalid for Lack of Patent Eligibility Under 35 U.S.C. § 101

Section 101 of Title 35 requires that the alleged invention must be patent eligible (not on an abstract idea or natural phenomenon). *See Alice Corp. Pty. v. CLS Bank Int'l*, 573 U.S. 208, 216 134 S. Ct. 2347, 2354, 82 L. Ed. 2d 296, 189 L. Ed. 2d 296 (2014). As Defendants' proposed

[1] As the Court is aware, the parties are to meet with Your Honor at the Scheduling Conference on June 15. This letter is submitted in accordance with Your Honor's Chambers Rules, but in an abundance of caution, the Joint Discovery Plan submitted by the parties highlights GAIN's intention to file the proposed motion, subject to Your Honor's approval.

motion will show, each claim of the patents-in-suit is invalid for being drawn to patent-*ineligible* subject matter. Whether patent claims are invalid for being drawn to patent-*ineligible* subject matter "frequently has been, resolved on a Rule 12(b)(6) or (c) motion where the undisputed facts, considered under the standards required by that Rule, require a holding of ineligibility under the substantive standards of law." *SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1166 (Fed. Cir. 2018); *see also Sensormatic Elecs., LLC v. Wyze Labs, Inc.*, 484 F. Supp. 3d 161 (D. Del. 2020) (granting Rule 12(c) motion patent invalidity under § 101); *Baggage Airline Guest Servs., Inc. v. Roadie, Inc.*, 351 F. Supp. 3d 753 (D. Del. 2019) (same); *Citrix Sys., Inc. v. Avi Networks, Inc.*, 363 F. Supp. 3d 511 (D. Del. 2019) (same).

Here, the claims arguably improve upon "traditional on-line currency market[s]." However, such alleged improvements themselves are abstract ideas accomplished through the use of general, non-specialized computer components. For example, the '311 patent contains only method claims whereby an online currency trade is executed if a first or second current exchange rate price is better than or equal to a user's requested trade price and refusing a trade if it is not. This simple logical decision tree is an abstract idea and not a technical solution. The system claims of the '336 patent suffer from similar deficiencies: they too are drawn to abstract ideas that are implemented through general, non-specialized computer components.

Accordingly, Defendants' motion should resolve this case; and even if certain claims remain, which Defendants believe is unlikely, this Court would then be able to consider the nature of the remaining claims in tailoring the scope of discovery.

II. Defendants' Prior Rule 12(b)(6) Motion Does Not Preclude a Rule 12(c) Motion for Lack of Patent Eligibility

Although Defendants previously filed a Rule 12(b)(6) motion, which the Court granted-in-part and denied-in-part (ECF No. 52), Defendants are not prevented from filing a Rule 12(c) motion. The Federal Rules of Civil Procedure specifically provide that "[a] Rule 12(c) motion for judgment on the pleadings may be filed after the pleadings are closed." *Turbe v. Gov't of the V.I.*, 938 F.2d 427, 428 (3d Cir. 1991). Here, the pleadings closed when Plaintiff filed its answer to Defendants' counterclaims on May 27, 2021 (ECF No. 66). Thus, Defendants are well within the Rules and had no opportunity to file a Rule 12(c) motion before then.

Moreover, precluding Defendants' proposed motion because they previously filed a Rule 12(b)(6) motion would render Rule 12(c) superfluous. Rule 12(c) motions exist because parties are permitted to move for judgment on the pleadings even when there has been a denial or partial grant of relief under a Rule 12(b)(6) motion. *See Akshayray, Inc. v. Getty Petroleum Mktg., Inc.*, Civil A. No. 06-2002 (NLH) (AMD), 2009 WL 961442 (D.N.J. Apr. 08, 2009) (granting a 12(c) motion on remaining claim that survived defendants' 12(b)(6) motion). In addition, Defendants' prior Rule

12(b)(6) motion was not based on invalidity under 35 U.S.C. §101, so the issue raised in Defendants' proposed Rule 12(c) motion has yet to be considered by the Court.

III. The PTAB's Decisions Do Not Preclude a Motion to Dismiss for Lack of Patent Eligibility

Although the issue of whether the patents-in-suit claim patentable subject matter was the subject of Defendants' Covered Business Method Review petitions ("CBM") before the Patent Trial and Appeals Board ("PTAB"), Defendants are not estopped by the PTAB's decisions not to institute the CBMs. As stated by the Federal Circuit in *Credit Acceptance Corp. v. Westlake Servs.*,

> [A] CBM review proceeds in stages: first, the Board decides whether to institute a review, and second, if review is instituted, the proceeding enters a trial stage and the Board later issues a 'final written decision' under 35 U.S.C. § 328(a). Once the Board issues a final written decision, the estoppel statute applies.

859 F.3d 1044, 1049 (Fed. Cir. 2017).[2] As a corollary, estoppel does not apply to the PTAB's institution decisions. Thus, Defendants are not precluded from asking this Court to decide the question of whether the patents are invalid under 35 U.S.C. §101.

Moreover, the PTAB's institution decisions were based on preliminary issues and not on the merits. As discussed above, a CBM is conducted in two stages: the institution stage and the trial stage. However, "CBMR proceedings on the merits" only begin ***after*** the CBM is instituted. *Achates Reference Publ'g, Inc. v. Apple Inc.*, 803 F.3d 652, 654 (Fed. Cir. 2015), *overruled on other grounds by Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1367 (Fed. Cir. 2018). The basis of the PTAB's denial was on a preliminary ground – the framing of the issue: the PTAB found that Defendants' prior characterization of the alleged abstract idea of "currency trading" was framed too broadly; and because it was the petitioner's "burden" to frame the abstract idea, the PTAB felt it was bound not to recast the description of the abstract idea, and thus denied institution. Decision, *GAIN Capital Holdings, Inc. v. OANDA Corporation*, CBM2020-0021, Paper No. 10 (P.T.A.B. March 18, 2021) (hereinafter, "'311 Decision") at 31-32 (citing 35 U.S.C. § 324(a); *SAS Inst., Inc. v. Iancu*, 138 S.Ct. 1348, 1356-57 (2018)); Decision, *GAIN Capital Holdings, Inc. v.*

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[2] Section 325(e)(1) of Title 35 provides the estoppel provision for CBMs:

> The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that post-grant review.

Credit Acceptance Corp. v. Westlake Servs., 859 F.3d 1044, 1049 (Fed. Cir. 2017) quoting 35 U.S.C. § 325(e)(1).

OANDA Corporation, CBM2020-0022, Paper No. 10 (P.T.A.B. March 18, 2021) (hereinafter, "'336 Decision") at 27 (same). In doing so, the PTAB did not rule on the merits that the claims are not abstract. Thus, this question—the one that is the subject of Defendants' proposed motion—is still open.

Notwithstanding the PTAB's silence as to the ultimate question of whether the patents-in-suit are directed to patent-ineligible abstract ideas, the PTAB did reject OANDA's arguments that certain claims of the patents-in-suit[3] were not subject to CBM review because they were allegedly technological inventions. Applying the standard that a claim does not include a "technological feature" if its "elements are nothing more than general computer system components used to carry out the claimed process," ('311 Decision at 13-14 (citing *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1341 (Fed. Cir. 2016))), the PTAB found that both patents failed to recite a technological feature that was novel and unobvious because they claimed no more than general computer system components. '311 Decision at 17; '336 Decision at 14. This inquiry is relevant to the evaluation of subject matter eligibility under step two of *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 82 L. Ed. 2d 296, 189 L. Ed. 2d 296 (2014), because when claims are "directed to an abstract idea" and "merely requir[e] generic computer implementation," they "do[] not move into [§] 101 eligibility territory." *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014) (internal quotation marks and citation omitted); *see also BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1350 (Fed. Cir. 2016) (recognizing that claims directed to an abstract idea that add "the requirement to perform it on the Internet" do not state an inventive concept).

Accordingly, despite declining to institute Defendants' CBMs, the PTAB provided important guidance regarding the patentability of the claims of the patents-in-suit when it found that they failed to recite a technological feature.

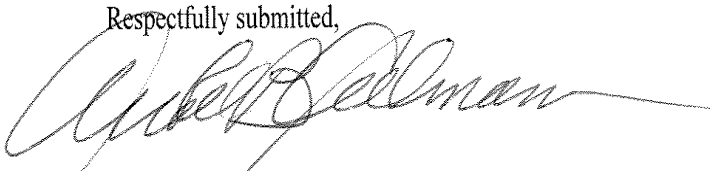
* * *

[3] The PTAB's institution decision reviewed whether claim 1 of the '311 patent and claim 5 of the '336 patent were subjected to CBM review.

For the foregoing reasons, we respectfully request that Your Honor grant GAIN leave to file its proposed Section 101 Motion, which is similar to other *Alice*-type motions granted by other courts.

We thank the Court for its consideration, and look forward to hearing from Your Honor at the Court's earliest convenience.

Respectfully submitted,



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cc: Counsel of record (by CM/ECF)