

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

IBG LLC, INTERACTIVE BROKERS LLC, TRADESTATION GROUP, INC.,
TRADESTATION SECURITIES, INC., TRADESTATION TECHNOLOGIES,
INC., and IBFX, INC.,

Petitioner

v.

TRADING TECHNOLOGIES INTERNATIONAL, INC.

Patent Owner

CBM2015-00161 (U.S. Patent 6,766,304 B2)¹
CBM2015-00181 (U.S. Patent No. 7,676,411 B2)
CBM2015-00182 (U.S. Patent No. 6,772,132 B1)

DECLARATION OF JAY KNOBLOCH

¹ Case CBM2016-00035 has been joined with this proceeding.

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I, Jay Knobloch, declare as follows:

I. INTRODUCTION & BACKGROUND

1. I currently serve as the Director of Intellectual Property (“IP”) Licensing and Litigation for Trading Technologies International, Inc. (“TT”). In this role, I oversee TT’s licensing of its IP assets and assist in the management of all aspects of TT’s IP litigation matters. Prior to my role as Director, I served as Patent Counsel at TT from February 2010 until February 2012.

2. Before joining TT, I was employed by Brinks Hofer Gilson and Liono LLP, an IP law firm located in Chicago, Illinois, as a patent agent starting in February 2005. Upon completion of my law degree from DePaul University College of Law in December 2007, I transitioned into my role as a patent attorney at Brinks Hofer until deciding to join TT. Prior to law school, I attended Arizona State University and graduated in 2003 with a degree in electrical engineering.

II. PATENT LICENSING

3. As I noted above, a portion of my role at TT involves overseeing the licensing of TT’s IP assets, including the licensing of TT’s patents. Though I was not employed by TT until 2010, I am knowledgeable regarding TT’s licenses dating back to 2004, and in particular those relating to the technology claimed in the patents-in-suit.

4. After U.S. Patent Nos. 6,766,304 and 6,772,132 issued in July and August of 2004, a number of companies in the industry were already copying TT's MD Trader screen, which embodied the technology claimed in these patents. In an effort to protect its IP assets, TT entered into numerous types of deals with respect to the '304 and '132 patents and continuation patents (such as the '411 patent), as can be seen in the demonstrative used at the CQG trial shown below:

PTX 5812

Settlement & License Agreements

Company	Agrmt. date	PTX#	Lawsuit	Royalty rates
Goldenberg Hehmeyer & Co.	09/29/04	PTX1334	✓	\$0.10 per trade/\$0.05 (1 st year)
Kingstree Trading, LLC	10/20/04	PTX1335	✓	\$0.10 per trade/\$0.05 (1 st year)
Patsystems, PLC	05/19/05	PTX1338	✓	\$0.10 per trade (\$50 mo. min./user)
NinjaTrader, LLC	07/07/05	PTX1336	✓	\$0.10 per trade (\$50 mo. min./user)
RTS Realtime Systems AG	07/28/05	PTX1342	✓	
Strategy Runner, Ltd.	07/29/05	PTX1344	✓	\$0.10 per trade (\$50 mo. min./user)
Rolfe & Nolan Systems, Inc.	08/01/05	PTX1343	✓	
FFastFill, PLC	08/03/05	PTX1345	✓	
TransMarket Group, LLC	09/09/05	PTX1346	✓	\$0.10 per trade
Orc Software AB	10/31/05	PTX1347	✓	
NYFIX, Inc.	11/11/05	PTX1339	✓	
Man Group, PLC	11/21/05	PTX1337	✓	
Advantage Futures, LLC	03/03/06	PTX1348		
Peregrine Financial Group, Inc.	03/15/06	PTX1340	✓	
TradeMaven Group, LLC	03/15/06	PTX1341	✓	\$0.24 for past
Marex Trading Services, Ltd.	09/20/06	PTX1350		
Direct Trading Institutional, L.P.	12/06/06	PTX0748		\$0.10 per trade
Cunningham Trading Systems, LLC	12/31/10	PTX1351	✓	\$0.09 for past
Tradehelm	4/18/11	PTX1352	✓	
RCG	11/9/11	PTX1353	✓	\$0.46 for past
Stellar	12/7/12	PTX1354	✓	\$0.10 for past
OEC	2/12/15	PTX2671	✓	\$0.14 for past

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5. It was apparent that the industry competitors recognized that their products infringed the patents.

6. For example, several companies agreed to remove their version of the patented trading screen from their product offerings. Companies that chose this option include Patsystems, RTS, Strategy Runner, Rolfe and Nolan, FFastFill, TransMarket, ORC, NYFIX, Peregrine Financial Group, and TradeMaven.

7. As an example, Patsystems and RTS were main competitors of TT that both decided to remove their version of the MD Trader trading screen around 2004. Both of these competitors, along with others that followed in a similar fashion (FFastFill, ORC, and NYFIX), changed the focus of their business to areas other than manual order entry and declined as competitors to TT.

8. These agreements were particularly beneficial to TT on two fronts. First, it was beneficial to have a company agree that it would stop infringing and remove the infringing product from the market, thus directing customers back to TT. Second, since some of these companies were TT's direct competitors, it was beneficial for TT to have them drop out and return the competitive edge to TT vis-à-vis the competitors themselves.

9. As another option, several companies entered into a license agreement which would allow them to practice the patented technology. In return, these companies would pay TT royalties to continue using the copied trading screens. Companies that chose this option included Goldenberg Heymeyer, Kingtree, Ninja Trader, Direct Trading Institutional ("DTI"), RCG, OEC, Market Delta, 20

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