UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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GAIN CAPITAL HOLDINGS, INC.,
Petitioner,

v.

OANDA CORPORATION,
Patent Owner.

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CBM2020-00021
Patent 8,392,311 B2

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Before SALLY C. MEDLEY, JUSTIN T. ARBES, and
SUSAN L. C. MITCHELL, *Administrative Patent Judges.*

ARBES, *Administrative Patent Judge*.

DECISION
Denying Institution of Covered Business Method Patent Review
35 U.S.C. § 324

I.   INTRODUCTION

A.   Background and Summary

Petitioner GAIN Capital Holdings, Inc. filed a Petition (Paper 2,
"Pet.") requesting a covered business method ("CBM") patent review of
claims 1–7 of U.S. Patent No. 8,392,311 B2 (Ex. 1001, "the '311 patent")
pursuant to 35 U.S.C. § 321(a). Patent Owner OANDA Corporation filed a
Preliminary Response (Paper 8, "Prelim. Resp.") pursuant to 35 U.S.C.

§ 323. Pursuant to 35 U.S.C. § 324(a), the Director may not authorize a covered business method patent review unless the information in the petition, if unrebutted, "would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable." For the reasons that follow, we do not institute a covered business method patent review.

B. Related Matters

Petitioner states that the '311 patent is asserted in *OANDA Corp. v. GAIN Capital Holdings, Inc.*, No. 2:20-cv-5784 (D.N.J.), and related to two other patents, U.S. Patent Nos. 7,146,336 B2 (Ex. 1002, "the '336 patent") and 7,496,534 B2, challenged in Cases CBM2020-00022 and CBM2020-00023, respectively. Pet. 2–3.

C. The '311 Patent

The '311 patent discloses a system and method that "allows traders to trade currencies over a computer network." Ex. 1001, col. 1, l. 50–col. 2, l. 48, col. 3, ll. 10–12. According to the '311 patent, trading in a "traditional on-line currency market" involved a "three-way handshake" with the following steps:

> (1) the trader specifies to a dealer the currency pair and the amount that he would to trade (but does not specify whether he would like to buy or sell); (2) the dealer specifies to the trader both a bid and an ask price and gives the trader several seconds to respond (the dealer not knowing whether the trader will buy, sell, or reject the offer); and (3) the trader either rejects the offer or specifies whether he is buying or selling (his response must occur within a time frame of a few seconds).

Id. at col. 1, ll. 22–35. The "three-way handshake" process was "impractical because of Internet delays: the trader might not actually have a few seconds to respond before the dealer withdraws the offer." *Id.* at col. 1, ll. 32–35. Corporate firewalls also "inhibit[ed] the ability of on-line trading systems to access information from and transfer information to users behind corporate firewalls." *Id.* at col. 1, ll. 39–46. The '311 patent seeks to overcome those issues by implementing a system that allows traders to "obtain real-time data feeds of current exchange rates" and "place buy and sell orders in the real-time market." *Id.* at col. 3, ll. 17–22.

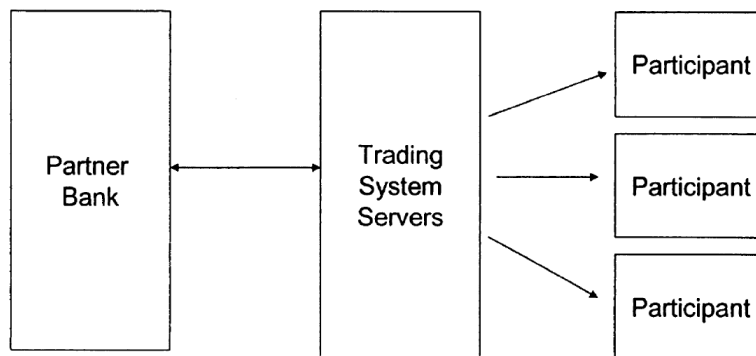Figure 1 of the '311 patent is reproduced below.

Fig. 1

Figure 1 depicts the three parties involved in the trading system, communicating with each other over the Internet: "(1) traders that are distributed around the world; (2) Trading System servers; and (3) 'Partners' consisting of the financial institution(s) through which real currency exchange trades are executed, and from which real-time data feeds are obtained." *Id.* at col. 3, ll. 37–42. Traders interact with the system via a web page with a Java applet. *Id.* at col. 3, ll. 17–22, 57–64, Figs. 2, 5. The Trading System servers include various "modules," such as a database management system (DBMS), server front-end, rate server/pricing engine,

value at risk (VAR) server, transaction server, interest rate manager, trade

manager, margin control manager, trading system monitor, hedging engine,

partner bank interface, and computer systems monitor. *Id.* at col. 1,

ll. 50–60, col. 6, l. 15–col. 9, l. 38.

The '311 patent discloses a "two-way handshake" process involving

the following steps, which avoids the "timing constraints" of the prior

"three-way handshake" process:

> (1) a trader specifies in her trade order: (a) a currency pair;
> (b) a desired amount to trade; (c) whether she wishes to buy or
> sell; and (optionally) (d) upper and lower limits on an acceptable
> exchange rate; and (2) a dealer (in this case, a preferred Trading
> System) executes the trade using the most current "market rates"
> (as calculated by the system). However, the system only
> executes the order if the calculated market rate lies above any
> specified lower limit and below any specified upper limit.

Id. at col. 4, ll. 8–23. A trader makes a trade request by entering the order

information and pressing a button, causing a message to be sent to the

Trading System server "where the market price is calculated based on such

factors as market data, size of the transaction, time of day, the Trading

System's current exposure, and predictions on market direction. The trade

order is executed using this market price." *Id.* at col. 4, ll. 42–51. "As such,

the Trading System operates as a market maker." *Id.* at col. 4, ll. 52–53.

"A message is then sent back to the trader with specific trade details" in a

pop-up window on the trader's web browser. *Id.* at col. 4, ll. 53–56.

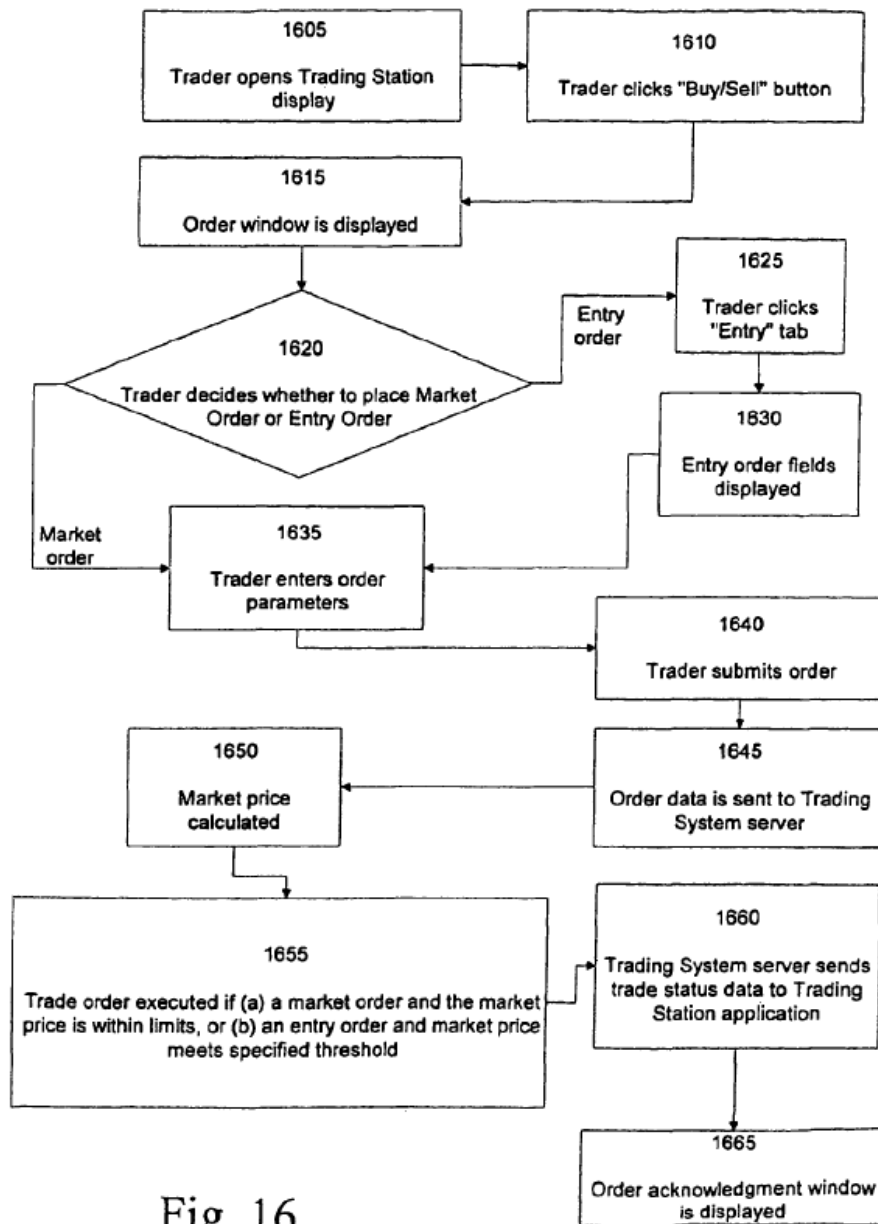Figure 16 of the '311 patent is reproduced below.

Fig. 16

Figure 16 depicts the steps of the disclosed trading method. *Id.* at col. 3,

ll. 4–5. "At step 1605, a trader desiring to trade opens a Trading Station

display, and at step 1610 clicks a 'Buy/Sell' button 510 on the Trading

Station display." *Id.* at col. 4, l. 64–col. 5, l. 2. "At step 1615 an order

window is displayed" and "[a]t step 1620 the trader decides whether to place

a market order or an entry order." *Id.* at col. 5, ll. 2–4. "Market Orders are

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