

## CQG Trend

New this month from CQG:

- Federal District Court Deeply Narrows TT's Patents
- New Data on CQG
- CQG Connects to Dubai Mercantile Exchange
- New FCM Partner
- Check out CQG on FuturesBoard.com!

### Quick Tip

Are you running the latest CQG version? Right-click on the System button and choose System Status. If the Software Version and Update Version match, you're up to date.

### New Data Available on CQG

- National Stock Exchange of India
- Warsaw Stock Exchange
- Prague Stock Exchange
- Budapest Stock Exchange

### CQG Patent Ruling

As many of you are aware, Trading Technologies sued CQG among many other companies more than two years ago alleging patent infringement that has hinged, in part, on what constitutes a "static" price scale. CQG has consistently argued that the patents are invalid and that, if valid, the scope of the patents is extremely narrow such that none of CQG's interfaces violate the patents.

Federal District Court Judge James Moran recently adopted CQG's proposed construction of the patents, significantly narrowing the scope of patent protection that TT will enjoy even if the patents are valid. This information is good news for traders and institutions who would like to use technology based upon their business needs.

Given this information we thought it important to provide an update on the case to our customers. *See other side for details.*

### CQG Rolls Out Connection to DME

CQG is the first independent software vendor to complete FIX certification for the Dubai Mercantile

Exchange Limited (DME), the Middle East's first energy futures exchange. Visit [www.cqg.com/press](http://www.cqg.com/press) for more information.

The Dubai Mercantile Exchange, set to launch on May 1, has received regulatory approvals from Singapore and Japan with more expected soon. The three contracts to be traded on the Exchange are the physically delivered Oman Crude Oil Futures Contract plus Brent-Oman and WTI-Oman spread contracts, both financially settled.

### CQG Adds Iowa Grain as FCM Partner

CQG's order routing software now works with Iowa Grain to connect traders to CBOT. Visit [www.cqg.com/FCM](http://www.cqg.com/FCM) for a complete list of FCM partners.

### CQG's Presence on FuturesBoard.com

FuturesBoard has joined with CQG to provide an interactive resource for sharing knowledge and advice about CQG products and services. Check out [www.FuturesBoard.com](http://www.FuturesBoard.com) for detailed information on CQG!

### Questions? Contact us:

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## Federal District Court Narrows TT's Patents

In February 2005, while denying TT's request for a preliminary injunction against eSpeed, Inc., Judge James Moran of the Northern District of Illinois made several preliminary rulings about the scope of Trading Technologies' patents. In particular, the Court focused on the meaning of the phrases "common static price axis" and "static display of prices." At that time, he noted that, "Plaintiff's version leaves open the possibility of movement, while defendant's version forecloses all but manual re-centering." Although he would later change his mind, Judge Moran sided with Trading Technologies and found that TT's patents cover an interface where the static display of prices could move but which did "not normally change positions in response to new market information." We at CQG, among other companies, did not agree with Judge Moran's initial view of the patents.

Since February 2005, apparently as a business strategy, TT sued numerous companies, including CQG, Inc. for patent infringement. As part of a consolidated process, Judge Moran required all of these new parties to participate in a complicated three day hearing during which everyone argued about the scope of Trading Technologies' patents. This hearing took place in August, 2006, and CQG, along with eSpeed, GL Trade America and Rosenthal Collins Group made presentations to Judge Moran that demonstrated why Judge Moran's preliminary construction of "static display" was too broad. In particular, CQG's expert pointed out to the court that TT's patents were directed to "ensuring" that the correct price was selected when making a trade.

On October 31, 2006, Judge Moran issued a new order on the scope of TT's patents which included the following language:

Although our preliminary injunction construction aligned with plaintiff's view, such construction was, simply put, preliminary. Today we have a better understanding of the technology, and all parties have had the opportunity to flesh out their arguments. We now choose to alter our initial construction, construing "common static price axis" as "a line comprising price levels that do not change positions unless a manual re-centering command is received. . . ." We construe "static display of prices" similarly,

as "a display of prices comprising price levels that do not change positions unless a manual re-centering command is received."

Judge Moran echoed CQG's expert when he said, "Like defendants, we read [the language of the patent specification] as a guarantee. It is only with regard to speed that the patent cannot guarantee accuracy – it is impossible to know how quickly a trader will process a desired price, move his hand to the user input device, and select the bid or ask region. . . . We find that the purpose of the patents' invention would be frustrated by the inclusion of any movement [in the static display] uncontrolled by the user."

After receiving Judge Moran's now much narrower construction, TT requested that the Judge reconsider his position on this point. On February 21, 2007, over two years after the Court's preliminary injunction ruling, TT was told emphatically that its patents cover a narrow set of interfaces – only those order entry interfaces that include a static price ladder where the prices does not ever automatically move. In denying TT's request for reconsideration, Judge Moran said:

"The statute governing patent infringement also suggests that any infringement – even de minimis infringement – is actionable; the level of infringement is a question of damages, not liability. Where, however, the claim language itself – here, a static condition – requires permanency, any movement (outside of manual re-centering or re-positioning) negates one of the specified claim limitations. Therefore, introduction of such movement takes the accused device out of the protection of plaintiff's patents."

There is much litigation left in this saga and it may yet be shown that TT's patents should never have been issued by the Patent Office because TT did not invent anything novel. It is now clear, that even if valid, TT's patents provide only an exceptionally narrow scope of patent protection. For more information please contact Josef Schroeter at 303.573.1400.

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