UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ASKELADDEN L.L.C.

Petitioner,

v.

INTERCURRENCY SOFTWARE LLC

Patent Owner

Case IPR2024-00378

Patent 11,449,930

PATENT OWNER'S RESPONSE TO PETITION
FOR *INTER PARTES* REVIEW UNDER 37 C.F.R. § 42.930

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I. INTRODUCTION

In response to the Petition for *Inter Partes* Review ("Petition") filed by Askeladden L.L.C. ("Askeladden" or "Petitioner") against Intercurrency Software LLC ("Intercurrency" or "Patent Owner"), the Board has instituted *inter partes* review (Paper 12, the "Decision") of claims 1-15 of U.S. Patent No. 11,449,930 ("the '930 patent) based on the following asserted grounds:

Ground	Claims	Proposed Rejections
1	1-2, 4-9, 12-13 and 15	obvious under 35 U.S.C. § 103(a) over U.S. Patent Application Publication No. 2002/0087454 to Calo ("Calo") in view of U.S. Patent Application Publication No. 2006/0095361 to Rude ("Rude") and U.S. Patent Application Publication No. 2004/0236664 to Sellberg ("Sellberg")
2	1-2, 4-9, 12-13 and 15	obvious under 35 U.S.C. § 103(a) over Calo in view of Rude and in further view of U.S. Patent Application Publication No. 2002/0023053 to Szoc et al. ("Szoc")
3	3, 10-11 and 14	obvious under 35 U.S.C. § 103(a) over Calo, Rude, and Sellberg or Szoc and in further view of U.S. Patent Application Publication No. 2004/0267655 to Davidowitz et al. ("Davidowitz")

Petitioner's assertions in Grounds 1-3 that claims 1-15 are obvious over the cited art are deficient. The cited art fails to disclose, teach, or suggest the following features of claim 1: "wherein a second prevailing exchange rate is calculated from

the currency exchange server *right before the transaction takes place*, and *executes the transaction with the calculated second prevailing exchange rate*."

The cited art fails to disclose, teach, or suggest the following features of claim 5: (1) "wherein the prevailing exchange rate is determined again from the currency exchange server *right before an transaction pertaining to the asset happens*" and (2) "showing on the client computer a settlement of the transaction in the first currency after the transaction of the asset *is execute*d *with the calculated prevailing exchange rate*."

The cited art fails to disclose, teach, or suggest the following features of claim 12: "wherein the prevailing exchange rate is calculated again *right before the transaction takes place*, and the transaction of the asset *is executed with the calculated prevailing exchange rate*."

II. THE '930 PATENT

As explicitly provided by the '930 patent, and as of the date of the invention of Patent Owner's technology, the prior art of financial service providers which allowed foreign investors to trade U.S. securities required the trades to be done in U.S. currency, which required the use of foreign currency exchange brokers before and after trading to realize profits. This did not allow foreign investors to have

"certain knowledge of what profit or loss he was going to get because the currency exchange rate must be obtained for a bulk amount at another time, which may fluctuate significantly enough to affect the ultimate profit or loss." EX1001 at 1:38-60. The prior art did not perform the "the currency conversion [sic] at a transactional level … so that a trader or investor knows exactly what profit or loss may occur with a transaction." The prior art did not "show prices as well as conduct all transactions in a currency preferred by an investor, regardless of whatever currency being used in the primary market for the security/asset." *Id.* at 1:61-7 and 2:1-3.

The inventions as claimed in the '930 patent overcome the deficiencies existing in the art as of the date of the invention of the '930 patent by providing "a mechanism that shows all transactions in a preferred currency regardless of whatever currency an asset is originally priced. The mechanism conducts *a transactional level currency conversion*. As a result, a trader knows exactly what profits and losses he/she is going to get in the transaction, without being subject to uncertainty in currency conversion of another." *Id*. at 29:27-44 (emphasis added).

III. CLAIM CONSTRUCTION

For purposes of the present IPR, Patent Owner agrees with Petitioner's proposed definition of the term "prevailing exchange rate" means "a selected current exchange rate." Patent Owner also proposes the same definition for the term "prevailing currency exchange rate," which is what Petitioner proposed in related IPR2024-00375.

With regards to the other terms of claims 1-15, Patent Owner submits that they should be given their ordinary and customary meaning as understood by one of ordinary skill in the art in the field of electronic trading as of the date of the invention.

IV. RESPONSE TO PROPOSED GROUNDS OF INVALIDITY

A. Ground 1

1. Independent Claims 1, 5 and 12

Independent claim 1 recites, *inter alia*, "wherein a second prevailing exchange rate is calculated from the currency exchange server *right before the transaction takes place*, and *executes the transaction with the calculated second prevailing exchange rate*." Calo, Rude and Sellberg, either alone or in combination, fail to teach or suggest these features.

Independent claim 5 recites, *inter alia*, "wherein the prevailing exchange rate is determined again from the currency exchange server *right before an transaction pertaining to the asset happen*s . . . and showing on the client computer a settlement of the transaction in the first currency after the transaction of the asset *is execute*d *with the calculated prevailing exchange rate*." Calo, Rude and Sellberg, either alone or in combination, fail to teach or suggest these features.

Independent claim 12 recites, *inter alia*, "wherein the prevailing exchange rate is calculated again *right before the transaction takes place*, and the transaction of the asset *is executed with the calculated prevailing exchange rate*." Calo, Rude and Sellberg, either alone or in combination, fail to teach or suggest these features.

<u>The Calo Publication</u>

Calo fails to teach or suggest executing a transaction with a calculated prevailing exchange rate *obtained right before the transaction*. Calo states the following:

> The customer places the order with a cost ***estimate*** based on the real-time quotes for the security. At step 302, E*TRADE Australia provides ***a preview*** of the order and vets against the buying power of the customer to reserve the sum of the principal amount calculated in U.S. dollars (USD) based on the current U.S. ask price, the Australian dollar (AUD) equivalent based on the current ask price for USD based on the USD principal amount, the

> estimated commissions and fees for a cross-border trade to the US ***and an additional "reserve" over the previous amounts to allow for fluctuations in both the US equity and USD/AUD currency market*** . . . [a]t step 305, ETS places an order with an exchange member such as a U.S. market maker in a U.S. exchange, who then executes the trade . . . [a]t step 308, E*TRADE Global transmits an order to the foreign exchange facility to sell Australian dollars. Calo ¶ [0030] (emphasis added).

Thus, Calo clearly teaches executing a trade with a future undetermined exchange rate, because the currency conversion is done after the trade is executed. Indeed, Calo teaches displaying a *preview* of the order and reserves a sum from the buying customer to cover the transaction that includes an "an additional "reserve" over the previous amounts *to allow for fluctuations in both the US equity and USD/AUD currency market*." *Id.* (emphasis added).

In contrast, claim 1 requires "wherein a second prevailing exchange rate is calculated from the currency exchange server *right before the transaction takes place*, and *executes the transaction with the calculated second prevailing exchange rate*." Claim 5 requires "wherein the prevailing exchange rate is determined again from the currency exchange server *right before an transaction pertaining to the asset happen*s . . . and showing on the client computer a settlement of the transaction in the first currency after the transaction of the asset *is execute*d *with*

the calculated prevailing exchange rate." Claim 12 requires "wherein the prevailing exchange rate is calculated again *right before the transaction takes place*, and the transaction of the asset *is executed with the calculated prevailing exchange rate*."

Calo teaches the opposite. Namely, providing the customer with a "cost estimate," reserving a sum for the transaction that includes a "reserve . . . to allow for fluctuations in both the US equity and USD/AUD currency market," executing the trade using the exchange rate that is present at the time (which may or may not be the exchange rate used for the "estimate") and then doing the currency conversion.

Indeed, the additional "reserve" required by Calo to account for exchange rate fluctuations is precisely the problem that the '930 Patent addresses.

<u>The Rude Publication</u>

Rude suffers from the same deficiencies as Calo. Namely, as described in paragraph [0019] of Rude, Rude explicitly teaches that the currency exchange happens ***after*** the transaction takes place, namely at settlement. Specifically, Rude recites:

> When an order for a foreign securities trading transaction is placed by the trader, the order is sent by the trading

> system to the foreign securities exchange and ***is executed on the foreign securities exchange in the local currency of the foreign securities exchange***. Based on the execution of the order, a net settlement amount is established for the transaction, reflecting the execution price and expenses such as settlement fees and commissions. ***Once the settlement amount is determined, the trading system automatically executes a foreign exchange transaction in which the local currency of the foreign securities exchange is bought or sold . . . to convert the net settlement amount to the operating currency of the trader***. Rude ¶ [0019] (emphasis added).

Thus, Rude clearly and unequivocally teaches using an exchange rate in existence ***after*** the transaction is executed, which is precisely the type of uncertainty that the '930 Patent addresses.

<u>The Sellberg Publication</u>

Sellberg fails to remedy the deficiencies noted above in Calo and Rude. Sellberg teaches an automated system in which a buyer of securities that are traded in a "foreign currency" that is different than the buyer's home currency sets a bid order for the securities based on the buyer's home currency and the system automatically converts the home currency bid price to the equivalent foreign currency bid price based on the current exchange rate.

"'[R]ejections on obviousness grounds cannot be sustained by mere

conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.'" *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007) (quoting *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)). Petitioner has failed to provide articulated reasoning with some rational underpinning as to how either Calo or Rude, which both clearly and unequivocally teach using an exchange rate in existence ***after*** the transaction is executed for the currency conversion, would be modified in view of the teachings of Sellberg to obtain the method of claims 1 and 5, and the system of claim 12.

For at least the reasons set forth above, Patent Owner respectfully submits that independent claims 1, 5 and 12 are patentable Calo, Rude and Sellberg.

2. Dependent Claims 2, 4, 6-9, 13 and 15

Claims 2 and 4 depend from claim 1, claims 6-9 depend from claim 5, and claims 13 and 15 depend from claim 12. Thus, for at least the reasons set forth above, Calo, Rude and Sellberg, either alone or in combination, fail to render obvious claims 2, 4, 6-9, 13 and 15.

B. Ground 2

Ground 2 asserts that claims 1-2, 4-9, 12-13 and 15 are unpatentable under 35 U.S.C. § 103 (a) as obvious over Calo in view of Rude and further in view of

Szoc. For at least the reasons set forth above in Section IV.A, Calo and Rude, either alone or in combination, fail to render obvious the subject matter of claims 1-2, 4-9, 12-13 and 15. Further, Szoc fails to remedy the deficiencies noted above in Calo and Rude.

Szoc teaches a system for providing real-time foreign rate information. However, Petitioner has failed to provide articulated reasoning with some rational underpinning as to how either Calo or Rude, which both clearly and unequivocally teach using an exchange rate in existence ***after*** the transaction is executed for the currency conversion, would be modified in view of the teachings of Szoc to obtain the method of claims and 5, and the system of claim 12. Indeed, the only "articulated reasoning" provided by Petitioner is that "[a]dding the currency exchange features from Szoc to the Calo-Rude combination would have been a simple task for a POSITA." Petition at 45. This is merely a conclusory statement that falls short of the required showing.

C. Ground 3

Ground 3 asserts that claims 3, 10-11 and 14 are unpatentable under 35 U.S.C. § 103 (a) as obvious over Calo, Rude, and Sellberg or Szoc, and further in view of Davidwitz. Claim 3 depend from claim 1, claims 10-11 depend from claim

5 and claim 14 depends from claim 12. Thus, for at least the reasons set forth above, Calo, Rude and Sellberg or Szoc, either alone or in combination, fail to render obvious claims 3, 10-11 and 14. Further, Davidwitz fails to remedy the deficiencies noted above in Calo, Rude, Sellberg and Szoc.

V. CONCLUSION

For the foregoing reasons, Patent Owner respectfully submits that Petitioner has failed to establish that claims 1-15 are unpatentable. In this regard, Patent Owner respectfully requests that the Board confirm the patentability of claims 1-15.

Date: November 26, 2024

Respectfully submitted,

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CERTIFICATION UNDER 37 C.F.R. § 42.24(d)

Pursuant to 37 C.F.R. § 42.24(d), the undersigned hereby certifies that the word count for the foregoing Patent Owner's Response to Petition for *Inter Partes* Review under 37 C.F.R. § 42.930 totals 2,215 words, which is less than the 14,000 words allowed under 37 C.F.R. § 42.24(a)(i). The word count was determined using Microsoft Word's word count tool.

Dated: November 26, 2024

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CERTIFICATION OF SERVICE

Pursuant to 37 C.F.R. §§ 42.6(e) and 42.105(b), a copy of the foregoing Patent Owner's Response to Petition for *Inter Partes* Review under 37 C.F.R. § 42.930 was served by electronic mail on the following:

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