



**TRADING  
TECHNOLOGIES®**

222 South Riverside Plaza, Suite 1100  
Chicago, IL 60606  
T 312.476.1000  
F 312.476.1001  
[www.tradingtechnologies.com](http://www.tradingtechnologies.com)

## **News Release**

### **FOR IMMEDIATE RELEASE**

**Contact: Ray Carmichael**  
**Strategics, Inc.**  
**312.346.2002**

[rcarmichael@strategicsinc.com](mailto:rcarmichael@strategicsinc.com)

**Drew Mauck**  
**Strategics, Inc.**  
**312.346.2005**

[dmauck@strategicsinc.com](mailto:dmauck@strategicsinc.com)

## **Q&A Regarding TT Patents**

Chicago, August 17, 2004

### **BACKGROUND**

On August 12, 2004, Trading Technologies International, Inc. ("TT") filed a lawsuit against eSpeed, Inc. ("eSpeed") in the United States District Court for the Northern District of Illinois in Chicago, alleging infringement of TT's U.S. Patent Nos. 6,766,304 and 6,772,132. The '304 patent issued on July 20, 2004 and the '132 patent issued on August 3, 2004. The patents relate to functionality of TT's MD Trader™, which is a component of TT's X\_Trader® trading software.

"MD Trader is an important invention that I developed along with TT. I brought it to market with TT because I thought it would be of tremendous value to our customers – brokers, traders and exchanges. I believe that MD Trader represents a fundamental shift in interactive order entry and will continue to be so for many years to come. I believe that MD Trader and other TT innovations have added tremendous volume to the futures industry, and will eventually offer tremendous value to all asset classes, and we intend to protect our intellectual property," said Harris Brumfield, TT's CEO.

-more-

Q&A

1. Why did TT sue eSpeed?
  - It is TT's policy not to comment on pending litigation. If you want information about the lawsuit, please refer to a copy of the complaint.
2. What do the patents cover?
  - TT cannot comment because this is a legal issue, beyond stating that the patents relate to functionality of MD Trader.
3. Does TT have other patents?
  - TT is pursuing worldwide patent protection for the innovations in MD Trader. TT also has many more patent applications filed relating to various aspects of its products and to electronic trading.
4. What is the significance of these patents?
  - They are another example of how TT is an innovative company. MD Trader and other TT innovations have added tremendous volume to the futures industry. The inventions behind MD Trader are very valuable to many entities in the world of electronic trading, including brokers, traders and exchanges. Considering the revenues it has brought to brokers and the exchanges through increased trading and to traders by giving them a competitive advantage, MD Trader is far more valuable than the license fees that TT has been charging for its software.
  - While TT cannot comment specifically on what it intends to do with its patents (that is a legal matter), TT can comment generally about patents. If there is an invention covered by a patent, anyone who makes, sells, or uses the patented invention is an infringer and is liable for damages dating back to the issuance of the patent. The amount of damages owed by an infringer is at a minimum based on the value provided to that infringer by the invention. Also, anyone who knowingly or willfully infringes a patent can be liable for triple damages dating back to the issuance of the patent and possibly attorney's fees. You should check these patent rules, if you are interested, with an independent patent attorney.

5. This sounds like the Wagner patent all over again, any comment?

- It is not fair to compare these patents to the Wagner patent. eSpeed acquired the Wagner patent. eSpeed did not develop the technology. TT's case is different. Harris Brumfield was the main inventor behind MD Trader and exclusively owned the inventions before giving TT the right to develop and sell MD Trader. Through experimenting with his ideas, Harris saw what a great advantage they gave to his trading. Harris made a conscious decision to give the industry huge value based on the inventions behind MD Trader being protected. Rather than keeping the inventions to himself, he turned over the rights to TT so that they could turn them into a commercial product available to the world. He would not have turned these rights over to TT to make MD Trader into a product available to the public if there was not a patent system to protect the inventions.

6. Other than eSpeed, does TT think others are infringing or violating your patents now?

- No comment. People can draw their own conclusions.

7. Is TT going to sue other competitors?

- No comment, other than we intend to protect our IP. Harris did not let TT offer this improved trading tool to the world out of sheer generosity. He could have kept it for himself – but he brought it to market to revolutionize the trading of futures and bring more opportunity to the industry. TT believes that futures trading brings huge opportunities to the world's economy, and wants the markets to expand. TT envisions that the world will become a pit where everyone is on the top step – i.e., there is a level playing field. TT believes that only with a level playing field will the futures industry facilitate increased productivity to its maximum potential. MD Trader has the power to help make that happen, and TT intends to protect its IP as it facilitates this growth and expansion.

8. Is TT going to sue traders or users?

- No comment. Of course, customers of TT's X\_Trader® product obtain the benefit of TT's patent innovations when using TT's product.

9. Why is TT just asserting its IP now when the MD Trader product has been out since 2000?

- The patents were filed in 2000 before MD Trader was released, however, it took quite awhile for the patent applications to make their way through the patent office because the patent office is backlogged. Also, TT's patents both went through a special procedure in the patent office in which the applications were examined a second time by a senior examiner. This procedure adds to the time it takes for the patent to be granted.

10. What is TT's response to those who say TT should not have been granted these patents because they do not see what is new or innovative about MD Trader?

- Harris developed this technology with TT and TT brought it to market to help the industry, and patented the product to protect it. Electronic trading was in existence for over 10 years (including throughout the dot-com era) before TT released MD Trader and the financial industry had nothing like MD Trader until TT brought it to market. In fact, MD Trader was radically different than the preexisting trading systems and TT needed to convince many traders that MD Trader was superior. There are still people who use the older style trading screens (such as Level II style screens) in the futures industry and other asset classes have yet to widely adopt the MD Trader style-trading tool. TT understands that many electronic futures traders who began trading sometime in the last four years may have only seen trading applications with MD Trader-like tools. These individuals do not know, because they never experienced it, what the order entry systems were like before MD Trader.
- TT submitted extensive prior art (e.g., previous products, patents, articles, publications, etc.) to the patent office to review and this prior art was considered by the patent office in its decision to grant the patents. TT also faced a tough hurdle in getting these patents because the patent office has set a high bar to meet before granting a patent. We have been told that in the particular group of the patent office in which these patents were handled, only 20% of the filings are allowed. In addition, many, many of the who's who in the trading industry from around the world (across all asset classes) have independently verified the original and revolutionary nature of the invention with signed statements.

Page 5/TT Q&A

11. Who are the people who signed statements, or can TT provide those statements?

- TT is not releasing this information to the public.

12. Will TT license the patents and, if so, what are the terms?

- No comment.