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Paper 10
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LIBERTY MUTUAL INSURANCE CO.
Petitioner,

v.

PROGRESSIVE CASUALTY INSURANCE CO.
Patent Owner.

Case CBM2012-00002 (JL)
Patent 6,064,970

Before JAMESON LEE, JONI Y. CHANG, and MICHAEL R. ZECHER, *Administrative Patent Judges*.

CHANG, *Administrative Patent Judge*

DECISION
Institution of Covered Business Method Review
37 C.F.R. § 42.208

I. BACKGROUND

On September 16, 2012, Liberty Mutual Insurance Company ("Liberty") filed a petition requesting a review under the transitional program for covered business method patents of U.S. Patent 6,064,970 ("the '970 patent"). The patent owner, Progressive Casualty Insurance Company ("Progressive"), filed a preliminary response on December 21, 2012. (Paper No. 8.) We have jurisdiction under 35 U.S.C. § 324. *See* section 18(a) of the Leahy-Smith America Invents Act, Pub. L. 112-29, 125 Stat. 284, 329 (2011) ("AIA").

The standard for instituting a covered business method review is set forth in 35 U.S.C. § 324(a), which provides as follows:

> THRESHOLD --The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Liberty challenges the patentability of claims 1 and 3-18 of the '970 patent. Taking into account Progressive's preliminary response, we determine that the information presented in the petition demonstrates that it is more likely than not that the challenged claims are unpatentable. Pursuant to 35 U.S.C. § 324 and section 18(a) of the AIA, we hereby authorize a cover business method review to be instituted as to claims 1, 3-6, and 9-18 of the '970 patent.

A. Liberty's standing

Liberty certifies that the '970 patent was asserted against it in Case No. 1:10-cv-01370, *Progressive Cas. Ins. Co. v. Safeco Ins. Co. of Ill. et al.*, pending in the U.S. District Court for the Northern District of Ohio. (Pet. 5.) Progressive does not dispute that certification.

B. Covered Business Method Patent

Under section 18(a)(1)(E) of the AIA, the Board may institute a transitional proceeding only for a patent that is a covered business method patent. Section 18(d)(1) of the AIA defines the term "covered business method patent" to mean:

> a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.

The legislative history explains that the definition of covered business method patent was drafted to encompass patents "claiming activities that are financial or complementary to financial activity." 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer).

Section 18(d)(2) of the AIA provides that "the Director shall issue regulations for determining whether a patent is for a technological invention." The legislative history points out that the regulation for this determination should only exclude "those patents whose novelty turns on a technological innovation over the prior art and are concerned with a

technical problem which is solved with a technical solution and which requires the claims to state the technical features which the inventor desires to protect." 157 CONG. REC. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).

Pursuant to that statutory mandate, the Office promulgated 37 C.F.R. § 42.301(b) to define the term "technological invention" for the purposes of the Transitional Program for Covered Business Method Patents. Therefore, for determining whether a patent is for a technological invention in the context of the Transitional Program for Covered Business Method Patents, 37 C.F.R. § 42.301(b) identifies the following for consideration:

> whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.

In the petition, Liberty asserts that the '970 patent is a covered business method patent because the '970 claimed invention is related to the administration and management of an insurance policy to adjust insurance premiums based on monitored vehicle data. (Pet. 3.) Liberty further contends that the claimed invention of the '970 patent is not a "technological invention" as defined in 37 C.F.R. § 42.301(b). (Pet. 4.) According to Liberty, the prosecution history of the prior reexamination shows that there was no "technological feature" that was novel and unobvious, and the subject matter as a whole does not solve a "technical problem." (Pet. 4-5.)

Progressive counters that the claimed invention of the '970 patent is a "technological invention" and, therefore, the '970 patent is ineligible for

covered business method review. (PR 50.) More specifically, Progressive argues that the claimed invention is similar to the credit card reader example provided in the Office Patent Trial Practice Guide,[1] which the Office indicates would not be eligible for a covered business method review. (PR 52-55.) Progressive also asserts that the claimed invention is more technical than a credit card reader since it includes physical sensors for sensing actual vehicle operation data. (*Id*.) Progressive further argues that the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art citing to the reasons for patentability provided by the Examiner in the prior *ex parte* reexamination (NIIRC at pages 9-22). (PR 56-63.) Additionally, Progressive contends that the claimed subject matter as a whole solves a technical problem using a technical solution because sensor data representing actual monitored driving characteristics of an operating state of vehicles or actions of operators is used to determining an insurance rating, solving the problem of the unavailability of such data. (PR 54-58.)

We are not persuaded by Progressive's arguments. Rather, we determine that Liberty has demonstrated that the '970 patent is a covered business method patent and the claimed invention is not a "technological invention" within the meaning of 37 C.F.R. § 42.301(b).

The determination of whether a patent is eligible for covered business method review is based on what the patent claims. In other words, a patent

[1] *Office Patent Trial Practice Guide*, 77 *Fed. Reg*. 48756, 48764 (Aug. 14, 2012).

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