

**UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE PATENT TRIAL AND APPEAL BOARD**

LIBERTY MUTUAL INSURANCE)	Attorney Docket No.: LMIC-021-801
CO.)	Customer No. 28120
) Petitioner,)
)))
v.)	Case CBM-2012-00003 (JL)
))	Patent 8,140,358
PROGRESSIVE CASUALTY))
INSURANCE CO.))
)))
) Patent Owner.)

**PETITIONER LIBERTY MUTUAL INSURANCE CO.’S NOTIFICATION
IN RESPONSE TO ORDER (REDUNDANT GROUNDS)**

Pursuant to this Board’s October 25, 2012 Order (Redundant Grounds) (Paper No. 7, “Order”) in connection with the Petition for Covered Business Method Patent Review of United States Patent No. 8,140,358 Pursuant to 35 U.S.C. § 321, 37 C.F.R. § 42.304 (“Petition” or “Pet.”), the undersigned, on behalf of and acting in a representative capacity for Petitioner, Liberty Mutual Insurance Company (“Petitioner”), hereby submits this Notification as required by the Order.

Prefatory Statement

Petitioner notes at the outset its appreciation for the opportunity to address the six combinations of alternative rejections the Board identified in the Order as

“redundancies.” Petitioner had undertaken in the space permitted in the Petition (*see* 37 CFR § 42.24) to present pertinent art confirming that the claims at issue are obvious not only in light of a single combination of references, but based on information that was very widely known in the art. Petitioner believed that—while the challenged patent’s large proportion of dependent claims yielded a large *absolute* number of combinations—those alternatives would not unduly increase the burden of this proceeding. Indeed, Petitioner understands from USPTO guidance that alternative arguments are to be permitted in the trial process in the transitional program for covered business method patents. *See, e.g.*, 77 FR 48,640 (“Section 42.51(b)(1)(iii), as adopted, does not preclude a party from arguing in the alternative...”); 77 FR 48,700 (“The rules do not preclude providing alternative claim constructions in a petition...”). However, Petitioner recognizes and shares the Board’s concern with efficiency and timing.¹ Accordingly, Petitioner has indicated below which combinations it will pursue as required by the Order, while also noting the reasons indicated in the Petition for including the other combinations not being

¹ Petitioner has also received the Board’s October 25, 2012 Order (Denial of Grounds – 37 C.F.R. § 42.208(b)) (Paper No. 8), which concludes that the Petition did not sufficiently identify support in the Kosaka reference (standing alone and in various combinations) for certain proposed grounds of invalidity. While Petitioner respectfully disagrees with this conclusion, rather than requesting that the Board reconsider that decision Petitioner intends, in the interest of efficiency, to submit within two weeks a separate petition presenting Kosaka in combination with a different prior art reference, with the benefit of the fuller explanation and consideration that a separate petition affords. Petitioner notes that the Director, pursuant to Rule 325(c), may determine at the proper time that merger of that Petition with this proceeding may be appropriate.

selected pursuant to the Order.² In several instances identified below and in the accompanying motion, Petitioner is also seeking rehearing as to the inclusion of particular combinations the Board's Order does not, by its present terms, permit – including, in particular, the inclusion of sufficient alternatives to address the differing limitations of *Markush* groups found in the challenged claims, and the inclusion of express prior art disclosures as an alternative to expert testimony about the common knowledge of one of ordinary skill.

“Horizontal Redundancy”

A. Scapinakis, Eisenmann, or Stanifer

Required selection: To the extent the Board's Order compels Petitioner to select one of three groups of obviousness grounds relying on Scapinakis, Eisenmann, or Stanifer for independent claim 1 and associated obviousness grounds for dependent claims 2-20, Petitioner chooses, in response to this portion of the Order, to maintain the group of obviousness grounds relying on **Scapinakis**. (As noted below, however, “Vertical Redundancy B” identified in the Order—as understood by Petitioner—requires a further selection that renders this selection moot, and as to which none of these grounds (including grounds based on Scapinakis) is selected.)

² Petitioner notes that, in light of the requirements of the Board's Order, the grounds not selected pursuant to the Order are not grounds the Petitioner is raising in the requested trial. *See, e.g.*, 125 Stat 284 §§ 18(a)(1)(A), 18(a)(1)(D).

Comment regarding original combinations: Petitioner respectfully notes that, contrary to characterization of these combinations in the Order, and consistent with the page limitations imposed by 37 CFR § 42.24, Petitioner did indicate in the Petition the differences among grounds relying on Scapinakis, Eisenmann, and Stanifer. For example, the Petition expressly described Scapinakis as disclosing, *inter alia*, the use of a device to wirelessly transfer “collect[ed] real-time vehicle-related data” to “a central [office] computer” for “analysis and report generation (e.g., on speeding and excessive idling).” (Pet. 38-39) (emphasis original) (*citing* Scapinakis at 26-27). The Petition expressly described Eisenmann as disclosing, in turn, the use of a device to wirelessly transfer “records related to operation of motor vehicles” to an “insurance company computer.” (Pet. 40-41) (emphasis original) (*citing* Eisenmann at 2:36-49, 22:29-36). And finally, the Petition expressly identified Stanifer as disclosing, *inter alia*, the use of a device to wirelessly transfer “geographic position of . . . vehicles” to a “remote station.” (Pet. 43-44) (emphasis original) (*citing* Stanifer at 2:35-50). As indicated by the cited disclosures and Petitioner’s emphasis, differences exist in the degree of the disclosures’ specificity regarding the particular type of data being transferred (*i.e.*, Scapinakis’ “collected” vehicle-related data vs. Eisenmann’s vehicle operation records vs. Stanifer’s “geographic position”) and the entity to which the data is transferred (*i.e.*, Scapinakis’ “central” computer vs. Eisenmann’s “insurance” computer vs. Stanifer’s “remote station”). Without knowing what weight, if any, the Patent Owner or Board might attribute to these differences, Petitioner presented

these alternatives for the Board’s consideration, which collectively emphasize the breadth of the art’s teachings on the well-known concept of wireless transmission in vehicle telematics.

B. Kosaka, Black Magic, or Pettersen

Required selection: To the extent the Board’s Order compels Petitioner to select one of three groups of obviousness grounds relying on Kosaka, Black Magic or Pettersen for dependent claims 19-20, Petitioner chooses to maintain the group of obviousness grounds relying on **Kosaka**.

Comment regarding original combinations: Petitioner respectfully submits that Petitioner did indicate in the Petition the differences among grounds relying on Kosaka, Black Magic, and Pettersen. For example, with respect to claim 19, the Petition expressly described Kosaka as disclosing, *inter alia*, the use of a server to calculate “insurance premiums” and “change in insurance premium” “determined from a risk evaluation value.” (Pet. 72) (emphasis original) (*citing* Kosaka at 3-4). The Petition expressly described Black Magic as disclosing, *inter alia*, the use of a server to “rate premiums according to styles of driving and locality of use.” (Pet. 74) (emphasis original) (*citing* Black Magic at 2). Finally, the Petition expressly described Pettersen as disclosing, *inter alia*, the use of a server to “set a more fair bonus arrangement” based on “driving pattern.” (Pet. 75) (emphasis original) (*citing* Pettersen at 1). As indicated by the cited disclosures and Petitioner’s emphasis, differences exist in the specificity of the disclosures regarding the value being calculated (*i.e.*, Kosaka’s “premiums” and

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