

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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LIBERTY MUTUAL INSURANCE COMPANY  
Petitioner

v.

PROGRESSIVE CASUALTY INSURANCE COMPANY  
Patent Owner

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Case Nos. CBM2012-00002 and CBM2012-00004  
Patent 6,064,970

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Held: October 21, 2013

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

APPEARANCES:

ON BEHALF OF THE PETITIONER:

J. STEVEN BAUGHMAN, ESQUIRE  
NICOLE M. JANTZI, ESQUIRE  
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1 ON BEHALF OF THE PATENT OWNER:  
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8  
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11 The above-entitled matter came on for hearing on Monday, October  
12 21, 2013, commencing at 12:56 p.m., at the U.S. Patent and Trademark  
13 Office, 600 Dulany Street, Alexandria, Virginia.  
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17 P R O C E E D I N G S

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19 JUDGE LEE: Welcome to the Board. This is the  
20 combined final hearing for two CBM trials. It should be  
21 CBM2012-00002 and CBM2012-00004. Now, because this is a  
22 combined final hearing, we contemplate that the trial hearing  
23 transcript will be usable in either proceeding by either party; and  
24 because it is a combined final hearing, we will be lenient as far  
25 as the time constraint goes, but formally, it's one hour total time  
26 for each party. If we ask a lot of questions, then you will receive  
27 extra time at the end. As usual, the Petitioner will present its  
28 case first.

29 Before that, let's know who's representing whom.

1 MR. BAUGHMAN: Thank you, Your Honor. It's Steve  
2 Baughman from Ropes & Gray, with my colleagues Jim Myers  
3 and Nicole Jantzi on behalf of Petitioner. And we Sean  
4 McSweeney from Liberty Mutual in the courtroom today as well.

5 JUDGE LEE: Thank you.

6 MR. GRIFFITH: Your Honor, Calvin Griffith on behalf  
7 of Progressive Casualty Insurance Co., and with me is James  
8 Wamsley, also from Jones Day, and my partner, John Biernacki  
9 sitting in the gallery, also from Jones Day. And from  
10 Progressive, two representatives here today; we have Raymond  
11 Ling, in-house counsel, and John Sauerland, a businessperson.

12 JUDGE LEE: Thank you.

13 Any time you're ready, Mr. Baughman.

14 MR. BAUGHMAN: Yes, Your Honor.

15 Good afternoon, Your Honors. May it please the Board.

16 At the outset, we would like to reserve 30 minutes of  
17 our one-hour allocation for rebuttal. And just to give the Board  
18 an overview of what we would propose to address today, but we  
19 are obviously happy to address the Board's questions, there are  
20 three issues that we would propose to address, in this order.

21 First, arguments Progressive made for allowance in the  
22 original prosecution reexamination and the obstacles that  
23 Progressive ran into based on the prior art and the knowledge of  
24 a person with skill, because we think this frames the issues that  
25 are raised in the trials before us. The second topic would be the

1 grounds for rejection based on Kosaka; and the third would be  
2 the grounds for rejection based on Bouchard.

3 Our plan is to divide today's argument into issues. I'll  
4 plan to start generally on the first two topics, and my colleague,  
5 Mr. Myers, will address the third.

6 There's one procedural point we would just like to note  
7 Petitioner's position on for the record. Progressive has submitted  
8 for today's hearing a 72-page set of demonstratives, which it is  
9 our understanding is not evidence, and we simply wish to state  
10 that our that while the whole document has been filed with the  
11 Board, they are not actually evidence, and only the portions  
12 actually discussed today during the hearing are demonstratives  
13 and would be available for consideration by the Board. In other  
14 words, that it's not a 72-page reply brief that we don't get an  
15 opportunity to respond to.

16 The claims before the Board today in the '970 patent are  
17 all new as the result of an *ex parte* reexamination. In that  
18 process, all of Progressive's original claims were rejected over  
19 the prior art. Progressive added new language in each claim that  
20 issued, either the amended original claims or new claims, that  
21 required one of two things: The use of actuarial classes or the  
22 use of initial profiles with policy limits and deductibles for  
23 determining a base cost for insurance.

24 But Progressive didn't tell the examiner during  
25 reexamination that these were known, used, and required by law,

1 as the evidence before the Board today confirms. That's the '970  
2 patent, the prior art, and expert testimony.

3 So, during initial prosecution, as Exhibit 1002 from the  
4 file history, Progressive tried to get very broad claims to  
5 monitoring and recording vehicle data to determine an insurance  
6 cost, but it ran into repeated prior art objections from the  
7 examiner. The specification of the patent itself concedes that the  
8 technology, the pieces of the system that were claimed, were  
9 known in the art, as was the use of actuarial classes to rate  
10 insurance customers.

11 And the examiner rejected the claims as anticipated by  
12 the Camhi and Osborne references; for example, Exhibit 1002 at  
13 page 137 and 122. So, in order to obtain its original claims,  
14 Progressive distinguished that art as rating for a future period  
15 based on past driving activity and made amendments and  
16 arguments to confirm that retrospective nature of the claims that  
17 were issuing in the original prosecution.

18 And for some citations, all from Exhibit 1002, at page  
19 128, which is a July 19th amendment, 1999; page 110, a  
20 November 12th interview summary; and page 112, a November  
21 15th amendment.

22 So, the original claims with these retrospective  
23 limitations issued in 2000, and then Petitioner here filed an *ex*  
24 *parte* reexam request, the file history of which is in Exhibit  
25 1003, and the reexamination examiner found that every

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