Trials@uspto.gov
571-272-7822

Paper 11
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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 CBM2013-00003 (JL)
Patent 8,090,598

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

Chang, *Administrative Patent Judge*

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

I. INTRODUCTION

On October 15, 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 8,090,598 ("the '598 patent"). (Paper 4, "Pet.") The patent owner, Progressive Casualty Insurance Company ("Progressive"), filed a preliminary response on January 22, 2013. (Paper 9, "Prel. Resp.") We have jurisdiction under 35 U.S.C. §§ 6(b) and 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 patent 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 1-78 of the '598 patent. Taking into account Progressive's preliminary response, we determine that the information presented in the petition does not demonstrate that it is more likely than not that claims 1-78 are unpatentable. Pursuant to 35 U.S.C. § 324 and section 18(a) of the AIA, we do not authorize a covered business method patent review to be instituted as to claims 1-78 of the '598 patent for the grounds of unpatentability asserted in Liberty's petition.

Accordingly, the petition is DENIED.

A. Liberty's Standing

Liberty certifies that the '598 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. 8.) 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 a 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, when 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.

To help the public better understand how the definition of a technological invention under 37 C.F.R. § 42.301(b) would be applied in practice, the Office Patent Trial Practice Guide provides the following guidance as to claim drafting techniques that typically would not render a patent a technological invention:

> (a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer readable storage medium, scanners, display devices, or databases, or specialized machines, such as ATM or point of sale device.
>
> (b) Reciting the use of known prior art technology to accomplish a process or method, even if the process or method is novel and non-obvious.
>
> (c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

77 *Fed. Reg.* 48756, 48763-64 (Aug. 14, 2012).

In its petition, Liberty asserts that the '598 patent is a covered business method patent because the claimed invention of the '598 patent relates to the administration and management of an insurance policy to adjust insurance premiums based on monitored vehicle data. (Pet. 6.) Liberty further contends that the claimed invention of the '598 patent is not a "technological invention" as defined in 37 C.F.R. § 42.301(b). (Pet. 7.) According to Liberty, the claimed subject matter of the '598 patent does not include any "technological feature" that is novel and unobvious because the claimed system merely implement a way of assessing insurance risk. (*Id.*) Liberty also argues that the claimed subject matter as a whole solves the problem of determining a cost of insurance accurately, but not a technical problem. (*Id.*)

Progressive counters that the claimed invention of the '598 patent is a "technological invention" and, therefore, the '598 patent is ineligible for a covered business method patent review. (Prel. Resp. 32-34.) Specifically, Progressive contends the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art. (*Id.* at 34-37.) Progressive also argues that the claimed subject matter as a whole solves a technical problem using a technical solution. (*Id.* at 37-42.)

To support those contentions, Progressive argues that the claimed invention is similar to the examples provided in the Office Patent Trial Practice Guide (77 *Fed. Reg.* at 48764), which the Office indicates would not be eligible for a covered business method patent review, and is more

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