

# INSURANCE IP BULLETIN

*An Information Bulletin on Intellectual Property activities in the insurance industry*

A Publication of - Tom Bakos Consulting, Inc. and Markets, Patents and Alliances, LLC

## Introduction

Let's call this issue the "jury duty" issue since one of the editors was called for jury duty which interrupted our production cycle and causing us to be a couple days late.

In this issue's feature article, *Canaries in a Coal Mine*, we describe our venture into the USPTO *Peer to Patent* project. Each of us has submitted our own recent patent applications to *Peer to Patent* review. We encourage our readers to participate in this process and to sign up to be reviewers and submit any prior art you believe may be relevant.

In our **Patent Q/A** we address **prior art**. An invention is new, useful, and not obvious relative to what is in the prior art. So, an examination of the prior art is an essential component of the patent application examination process.

By the way, our poll in the February 2009 issue regarding the level of royalties awarded to Lincoln National on their patent infringement lawsuit did not generate a great deal of response. Although it was not a scientific poll, the six respondents provided a spread of: 17% - too much; 50% - too little; and 33% - about right.

The Statistics section updates the current status of issued US patents and published patent applications in the insurance class (i.e. 705/004). We also provide a link to the *Insurance IP Supplement* with more detailed information on recently published patent applications and issued patents.

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Our mission is to provide our readers with useful information on how intellectual property in the insurance industry can be and is being protected – primarily through the use of patents. We will provide a forum in which insurance IP leaders can share the challenges they have faced and the solutions they have developed for incorporating patents into their corporate culture.

Please use the FEEDBACK link to provide us with your comments or suggestions. Use QUESTIONS for any inquiries. To be added to the Insurance IP Bulletin e-mail distribution list, click on ADD ME. To be removed from our distribution list, click on REMOVE ME.

Thanks,  
Tom Bakos & Mark Nowotarski

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## Feature Article

### Canaries in a Coal Mine

**By: Tom Bakos, FSA, MAAA and Mark Nowotarski, Patent Agent**  
Co-Editors, *Insurance IP Bulletin*

[Peer to Patent](#) looks like a safe, effective and low cost way to get accelerated examination of an insurance patent application. Volunteering your patent application for public review in this forum could save about 5 years in the time it takes to get your patent.

[We have been extolling the potential virtues of Peer to Patent for quite some time.](#) Peer to Patent is an experimental, on-line public patent review forum. Inventors volunteer to have their patent applications reviewed by the public and, in exchange, they get their applications looked at early.

Insurance inventors have thus far stayed away from Peer to Patent. We suspect that this is in keeping with the long standing conservative tradition in the insurance industry of letting “the other guy” go first.

So we volunteered to be “the other guys”.

Tom and I each drafted patent applications on new insurance ideas that we had been developing for a while. The applications are “Risk Assurance Company”, and “SoberTeen™ Driving Insurance”.

A Risk Assurance Company keeps up-to-date medical records on its members (with their approval) and provides risk evaluation services that members and insurance companies can rely on when members shop for life and health insurance. We think it will help the average person save a lot of money in their life and/or health insurance.

SoberTeen™ Driving Insurance places a monitor in a car and uses its output to determine if a driver is impaired (e.g. drunk, cell phone use, drowsy, etc.) based on his or her driving behavior. The information is shared with the driver, not the insurance company. We think it could save lives, particularly among young drivers.

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For both inventions, insurance rates are charged according to results and premium discounts are possible.

We filed our patent applications last fall with “requests for early publication” and “permission to post on Peer to Patent”. They were published in February and are now available for public review. Here are the links:

**Risk Assessment Company:** <http://www.peertopatent.org/patent/20090055227/activity>

**SoberTeen™ Driving Insurance:** <http://www.peertopatent.org/patent/20090063201/activity>

They will be up on Peer to Patent until the middle (6/18) and end (6/25) of June, respectively. The prior art and comments submitted will then be forwarded to the patent examiner and, if all goes well, we might have our patents not only examined but actually issued by the end of the year.

In order to get as much value as possible out of the Peer to Patent process, we have actively recruited reviewers. We now (i.e. as of 5/4/2009) have the first and second largest review teams of any active application. Tom currently has 12 reviewers for Risk Assurance Company and Mark has 8 for SoberTeen™ Driving Insurance.

Our reviewers have uploaded some helpful prior art and some lively discussion on the comments section has ensued. Comments are both positive and negative with some commentators even proposing how to strengthen the patent applications and improve on the overall ideas.

As inventors, we are actively responding on the comments to encourage even more productive input. We think we are the first inventors to do this. We believe that this positive interaction with reviewers can help make the process more satisfying for them. They learn right away how we feel about what they've uploaded and can respond accordingly.

In terms of other firsts, and not to brag, but we had the first patent on an insurance related invention posted on Peer to Patent and we may be the first application that has had a YouTube video uploaded as prior art ([Safeco's Teensurance video](#)). This is outstanding. A YouTube video is exactly the type of hard-to-find prior art that the patent office is unlikely to find in their normal prior art search.

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Where do we go from here? Having volunteered ourselves as “canaries in a coal mine”, we are happy to say that we are still alive and singing. We haven’t seen any disasters in terms of prior art and we are looking forward to rapid examination of our applications. If any of you, our readers, want to keep track of our applications as they progress through the process, we encourage you to sign up as reviewers. You will then be immediately notified of any new prior art or comments that show up. If you know of any prior art that should be posted, but feel uncomfortable signing up for Peer to Patent, just send it to us at [mark.nowotarski@gmail.com](mailto:mark.nowotarski@gmail.com). As our Q/A in this issue discusses, we have a legal obligation to submit all “material” references that we know about to the Patent Office. That includes what you send us.

## Patent Q & A

### Prior Art

**Question:** What is prior art?

**Disclaimer:** *The answer below is a discussion of typical practices and is not to be construed as legal advice of any kind. Readers are encouraged to consult with qualified counsel to answer their personal legal questions.*

**Answer:** Prior art is any public information in any permanent format in any language made available before the date of conception of an invention (US “first to invent” law) or filing date of a patent application (rest of the world “first to file” law).

**Details:** With efforts like Peer to Patent and [Examiner Advocate](#) dedicated to doing a better job of finding prior art for pending patent applications, it’s important to take a step back and look a little more closely at what exactly “prior art” is.

For the United States, prior art is any publication, prior to the date an invention was conceived, that discloses information that is material to the patentability of claims in a patent application. For the rest of the world, the important date is the date a patent application is filed.

“Information that is material to the patentability of claims” is information that on first impression looks like it either anticipates or makes obvious what is in a claim. It can also be information that calls into question whether or not an invention might work, raise issues of what exactly a claim means, or impacts any of the other requirements necessary for an invention to be patentable.

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It doesn't matter where prior art is published, how it is published or in what language it is published in. It all counts as prior art.

In the US, all persons associated with a patent application, including the inventor(s) and their agents/attorneys, have a legal obligation to disclose all prior art they know about to the patent office. This duty lasts right up until the date the patent application issues as a patent. If inventors and their agents/attorneys fail to do this, the patent can be declared invalid.

The applicants (inventors plus agents/attorneys) don't have to actively look for prior art. But if they know about it, they have to submit it.

The U.S. Courts have been very harsh on applicants that have failed to submit prior art. Hence most agents and attorneys will insist that a piece of prior art be submitted if there is any question at all about its relevance.

The bottom line is, if you have to think long and hard about whether or not a publication is or is not prior art, you would be well advised to submit it.

The rest of the world does not place this obligation on applicants. There is no need to submit prior art to the European patent office, for example. They rely on their examiners to find all relevant prior art and also provide a post grant "opposition" procedure where members of the public can challenge the validity of a patent after it issues.

Whether an applicant has the obligation to disclose prior art or not, however, the fact still remains that a thorough prior art search makes for strong patents that serve the public as well as the applicant. Hence the need for efforts like Peer to Patent, Examiner Advocate, and the other initiatives that have been launched to do a better job of prior art searching.

## Analysis Available

### **Lincoln National Life Insurance Company Alleges Patent Infringement - GMWB**

**Lincoln National Life Insurance Company** has three patents (US 6,611,815; US 7,089,201; and US 7,376,608) covering the methods and processes used in providing **Guaranteed Minimum Withdrawal Benefits** (GMWBs) for variable annuities. Two additional published patent applications are pending.

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Lincoln is asserting its patent rights (see story in [February 2009 Bulletin](#)) through patent infringement lawsuits against competitors who offer GMWBs. An ex parte re-examination request has been granted by the USPTO with respect to US 7,089,201.

GMWBs have been credited with saving the variable annuity industry and are commonly offered by many of the 25+ insurers currently selling variable annuity products. Lincoln National's claim of protected patent ownership of the GMWB benefit is a threat to competitors offering GMWBs in the variable annuity market.

**Tom Bakos** (co-editor of the *Insurance IP Bulletin*) has prepared a comprehensive *Intellectual Property Analysis* of the Lincoln National GMWB family of IP. This analysis (over 200 pages of printed detail plus supporting documents on CD) represents well over 200 hours of review, analysis, and dissection of the specifications and claimed inventions. It describes prior art (believed to be relevant) either not disclosed or not considered by the USPTO on examination. It addresses the quality of the claims made.

**For more information regarding this Analysis and how to acquire it, please go to: [Intellectual Property Analysis](#) (<http://www.BakosEnterprises.com/IPA>).**

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## Statistics

### An Update on Current Patent Activity

The table below provides the latest statistics in overall class 705 and subclass 4. The data shows issued patents and published patent applications for this class and subclass.

Issued Patents as of 4/28/2009		
	Class 705	Subclass 4
YEAR	#	#
2009	804	20
2008	2673	89
2007	2,065	43
2006	2,224	44
2005	1,453	30
2004	998	23
2003	969	21
2002	887	15
2001	880	19
2000	1,062	29
1999	1,006	36
1998	745	20
1978-1997	2,778	47
1976-1977	80	0
<b>TOTAL</b>	<b>18,624</b>	<b>436</b>

Published Patent Applications as of 4/30/2009		
	Class 705	Subclass 4
YEAR	#	#
2009	2,948	88
2008	8,708	199
2007	6,990	183
2006	6,119	169
2005	6,305	148
2004	5,597	156
2003	6,010	129
2002	6,140	164
2001 *	1,327	30
<b>TOTAL</b>	<b>50,144</b>	<b>1,266</b>

\* Patent applications were first published 18 months after filing beginning with filings dated March 15, 2001.

Class 705 is defined as: DATA PROCESSING: FINANCIAL, BUSINESS PRACTICE, MANAGEMENT, OR COST/PRICE DETERMINATION.

Subclass 4 is used to identify claims in class 705 which are related to: *Insurance* (e.g., computer implemented system or method for writing insurance policy, processing insurance claim, etc.).

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## Issued Patents

In class 705/4, 12 new patents have been issued since 2/24/2009 for a total of 20 in 2009 so far. Patents are issued on Tuesdays each week.

Patents are categorized based on their claims. Some of these newly issued patents, therefore, may have only a slight link to insurance based on only one or a small number of the claims therein.

The [Resources](#) section provides a link to a detailed list of these newly issued patents.

## Published Patent Applications

In class 705/4, 48 new patent applications have been published since 2/26/2009 for a total of 88 so far in 2009. Patent applications are published on Thursdays each week.

The [Resources](#) section provides a link to a detailed list of these newly published patent applications.

## A Continuing reminder -

Patent applications have been published 18 months after their filing date only since March 15, 2001. Therefore, the year 2001 numbers in the table above for patent applications are not complete and do not reflect patent application activity in the year 2001. A conservative estimate would be that there are, currently, close to 250 new patent applications filed every 18 months in class 705/4. Therefore, there is approximately that number of pending applications not yet published.

The published patent applications included in the table above are not reduced when applications are either issued as patents or abandoned. Therefore, the table only gives an indication of the number of patent applications currently pending.

## Resources

[Recently published U.S. Patents and U.S. Patent Applications](#) with claims in class 705/4.



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**The following are links to web sites which contain information helpful to understanding intellectual property.**

**United States Patent and Trademark Office (USPTO): *Homepage*** - <http://www.uspto.gov>

**United States Patent and Trademark Office (USPTO): *Patent Application Information Retrieval*** - <http://portal.uspto.gov/external/portal/pair>

**Free Patents Online** - <http://www.freepatentsonline.com/>

Provides free patent searching, with pdf downloading, search management functions, collaborative document folders, etc.

**US Patent Search** - <http://www.us-patent-search.com/>

Offers downloads of full pdf and tiff patents and patent applications free

**World Intellectual Property Organization (WIPO)** - <http://www.wipo.org/pct/en>

**Patent Law and Regulation** - <http://www.uspto.gov/web/patents/legis.htm>

## **Here is how to call the USPTO Inventors Assistance Center:**

- Dial the USPTO's main number, 1 (800) 786-9199.
- At the first prompt press 2.
- At the second prompt press 4.
- You will then be connected to an operator.
- Ask to be connected to the Inventors Assistance Center.
- You will then listen to a prerecorded message before being connected to a person who can help you.

## **The following links will take you to the authors' websites**

**Mark Nowotarski - Patent Agent services** – <http://www.marketsandpatents.com/>

**Tom Bakos, FSA, MAAA - Actuarial services** – <http://www.BakosEnterprises.com>