

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

In this issue we provide in **Becoming Special** a summarization of ways that an inventor can speed up the examination process and become special.

In the Q&A Mark provides an answer to a very logical question: **How do I search the USPTO patent data bases?** The USPTO makes its patent and patent application *up-to-date* data base of published patents and applications available for search via the internet. This can be a very useful tool.

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.

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 Articles

Becoming Special

By: Tom Bakos, FSA, MAAA, Tom Bakos Consulting, Inc. – co-editor, Insurance IP Bulletin

Patent applications are examined in the U.S. patent office in the order in which they are filed. The patent office, when it receives an application, will assign it to a Technology Center based on its subject matter. The Technology Center will assign it to an examiner. The examiner will review it in the order it was assigned to him or her.

How soon that is depends, essentially, on USPTO manpower relative to the application backlog and the number of new patent applications plus the number of requests for continued examination (RCEs) received by the patent office. Overall how long it takes from the time of initial filing to disposition of some sort (either claims allowed or abandonment) is referred to as patent pendency.

Most patent applications in the insurance and broader financial services areas are placed in an Art Unit within Technology center 3600. Per USPTO statistics, an applicant who files a business method application assigned to Technology Center 3600 and just waits can expect a first office action response to his filing in an **average** of 25 months (2009 data) and a final disposition (i.e.: allowance; final office action; RCE; appeal; or abandonment) in an **average** of 35 months. This pendency has remained fairly level over the past few years. This means that insurance applications filed in 2009 and early 2010 are getting their first office actions now.

So, when an applicant files a patent application he gets in a big, long line.

However, the USPTO has established procedures to take applications out of the normal queue in order to accelerate the examination process and achieve a final disposition within a target of 12 months. Getting accelerated examination status means one has *become special*.

A principal reason for allowing accelerated examinations is the anticipation that for some applications the normal pendency may delay important or significant invention beneficial in some way to society or be so long that an applicant's ability to participate in the examination process once it begins may be doubtful. But, the USPTO may make applications special because

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has paid additional fees or has done additional preparation which will reduce USPTO examination costs.

Applicant's Age or Health

Since 1959 the patent office has allowed applicants age 65 and older to have their applications made special upon petition to the USPTO. Acceleration based on age requires no additional fees or support documentation from the applicant – merely a statement by the applicant that he or she is 65 or older or certification by the applicant's patent agent who has evidence the applicant is age 65 or greater. The idea is that the applicant might not outlive the examination process.

Age 65 may have been chosen (back in 1959) for the same reason that 65 was chosen as an indicator of old age for a lot of other things. In 1959, life expectancy at age 65 was about 14.5 years. Currently, life expectancy for a 65 year old is about 19 years and life expectancy for a 70 year old is about 15 years. That makes age 70 the new 65 – although the patent office has not adjusted its requirements for becoming special based on age.

The demonstrated poor health of an applicant may also be used as a basis for petitioning the USPTO for special examination treatment. A doctor's or other medical certificate is required to support a contention that the applicant, because of poor health, may not be able to participate in the examination process if it were allowed to run its normal course. No additional fee is required.

Patent Prosecution Highway

With respect to an international PCT patent application, the Patent Prosecution Highway (PCT PPH) program speeds up the examination process by allowing the USPTO to rely on work done by a participating foreign patent office once the foreign patent office has allowed at least one claim. A US inventor, for example, can file a PCT patent application on an insurance process and request that a foreign patent office, such as Korea, examine it. If the foreign patent office allows the claims, then the Inventor can file the application in the US and request accelerated examination.

This is, essentially, a work sharing program which allows the USPTO to reduce its examination costs when the same or sufficiently comparable claims filed in the U.S. have been allowed by a foreign office. The USPTO encourages such cost reduction by granting accelerated examination. Petition to make special must be made and certain other requirements must be met but no additional fee (as of 5/25/2010) is charged for accelerated exam through the PPH program.

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Track 1 Accelerated Examination

Effective 9/26/2011 the USPTO initiated a prioritization program called "Track 1". Technically, this is not a process to become special. The payment of additional fees (\$4,800 reduced to \$2,400 for small entities) is required to participate. There are limits on the number of patent applications that will be accepted (10,000 for the current fiscal year) for prioritized examination. This limit is imposed in order to prevent any impact on the timing of examination of standard applications. In order to be eligible for special status patent applications cannot have more than four independent claims or more than 30 claims in total, electronic filing must be used, plus there are other miscellaneous requirements matching those for accelerated examination. The goal is to reach a final disposition (allowance, final office action, Notice of Appeal, RCE, or abandonment) within 12 months of filing.

Another Way to Become Special

If an inventor does not want to pay the higher filing fee for Track 1 and cannot satisfy any of the other requirements for becoming special, the inventor can choose to comply with special requirements designed to reduce examination costs within the USPTO in order to get accelerated examination. Generally, this process can be applied to an initial filing or a re-examination. The additional requirements must be met in order to qualify include the following:

- the electronic filing system must be used and all regular filing requirements must be complete;
- there may be no more than three independent claims or more than 20 claims in total;
- the applicant must agree to an interview;
- a satisfactory pre-examination search must be provided; and
- an ***accelerated examination support document*** supporting the patentability of the claims in the application must be provided.

Additional petition fee (not higher filing fees as for Track 1) is also required.

Accelerated Examination Support Document

An examination support document (ESD) has a detailed analysis of the claims and the prior art to show that the claims are allowable. The prior art must include everything found in a formal prior art search done according to the patent office's standards. There is no fee for this program, but the cost of an examination support document can double the attorney/agent fees for an application. None the less, this is the most effective way to get a patent as quickly as possible

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in the field of insurance. Insurance patents have been allowed with 5 months of filing using this program.

Inventions directed at materially enhancing the quality of the environment; contributing to the discovery, more efficient utilization, or conservation of energy resources; or countering terrorism upon petition may be made special. If such a patent application on its face is not indicative of a material contribution, then a statement must accompany the petition explaining how the invention makes a material contribution.

Patent examination need not take forever. Using one of the above, an applicant can get even an insurance patent allowed in less than a year after filing.

Patent Q & A

Searching the USPTO Patent Data Base

Question: How do I search the USPTO patent data bases?

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 (from Mark Nowotarski): Using old fashioned but very precise Boolean search logic.

Details: The United States Patent and Trademark Office offers an on-line, up-to-date, free data base of all US patents issued since 1976 and all patent applications published since 2001. The USPTO patent data base is located at <http://patft.uspto.gov/netahtml/PTO/search-adv.htm>. The USPTO patent application data base is located at <http://appft.uspto.gov/netahtml/PTO/search-adv.html>.

Both of these databases are searchable using “key fields” and “Boolean search strings”. You have to know how to use field codes precisely and how to construct search strings. The advantage of this approach is that you can hone in very quickly on exactly the patents you are looking for. The disadvantage is that it requires a little practice. This isn’t Google. You can’t just drop in some key words and hope something useful shows up.

The basic search string for the USPTO data base is:

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FIELD CODE/keyword

FIELD CODE is a code that tells the data base where to look for the keyword. Keyword is a word related to the patents you are looking for. The broadest FIELD CODE is SPEC. SPEC is short for "specification". The specification is the main body of a patent that has a complete description of the invention and the background related to it. So if you want to find all patents that have something to do with annuities. You would submit the search string:

SPEC/annuity

This search string returns 480 hits (all hit counts are as of the date of publication). That's a lot of patents to look through and many of them aren't really related to annuity inventions. They simply have the word annuity somewhere in their specifications.

A field code that is directly related to an invention in a patent is ACLM. ACLM stand for "claims". The claims of a patent are legal definitions of what the invention is. If you want to return patents that are more specifically about annuity inventions, you can use the search string:

ACLM/annuity

This search string would return 149 hits. Not bad, but still a lot of patents to look through. You can further refine your search by limiting the results to a particular patent classification. A patent classification is a numerical code that indicates exactly what the invention is about. Inventions in the field of insurance have the classification "705/4". The field code for classification is CCL. So the search string for insurance related inventions is:

CCL/705/4

You can logically combine search strings using logic operators such as "and", "or" and "and not". So if you want to search for patents with annuity related inventions in the field of insurance, you would enter the search string:

ACLM/annuity AND CCL/705/4

This string would return 49 hits. That's a reasonable number of patents to flip through to find the material you are looking for. The table below summarizes these results and compares them to Google.

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| Database | Search string | Hits |
|----------------|----------------------------|-------|
| Google patents | annuity | 8,510 |
| USPTO patents | SPEC/annuity | 480 |
| USPTO patents | ACLM/annuity | 149 |
| USPTO patents | ACLM/annuity and CCL/705/4 | 49 |

There are many more fields to use in your searching. They are conveniently defined on the USPTO advanced patent search page. If you are doing a prior art search, you will also want to repeat your searching on the USPTO patent application search page.

The USPTO patent databases are based on old school Boolean search strings. They take a little bit of practice to get used to. Once you've mastered the technique, however, it's a very powerful and fast way to search.

*** If you have any follow up questions on [patent searching](#), feel free to contact Mark Nowotarski directly at (203) 975-7678. ***

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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 2/29/2012 | | |
|--------------------------------|---------------|--------------|
| | Class 705 | Subclass 4 |
| YEAR | # | # |
| 2012 | 1,077 | 57 |
| 2011 | 5,465 | 275 |
| 2010 | 5,255 | 276 |
| 2009 | 2,936 | 80 |
| 2008 | 2,524 | 90 |
| 2007 | 1,937 | 45 |
| 2006 | 2,119 | 46 |
| 2005 | 1,356 | 31 |
| 2004 | 900 | 24 |
| 2003 | 868 | 21 |
| 2002 | 834 | 15 |
| 2001 | 818 | 19 |
| 2000 | 1,020 | 31 |
| 1999 | 970 | 36 |
| 1998 | 711 | 21 |
| 1976 - 1997 | 2,734 | 47 |
| TOTAL | 31,524 | 1,114 |

| Published Patent <u>Applications</u> as of 2/29/2012 | | |
|--|---------------|--------------|
| | Class 705 | Subclass 4 |
| YEAR | # | # |
| 2012 | 1,363 | 34 |
| 2011 | 7,949 | 207 |
| 2010 | 8,105 | 240 |
| 2009 | 8,356 | 284 |
| 2008 | 8,537 | 210 |
| 2007 | 6,744 | 195 |
| 2006 | 5,857 | 177 |
| 2005 | 6,023 | 159 |
| 2004 | 5,377 | 167 |
| 2003 | 5,777 | 136 |
| 2002 | 5,904 | 172 |
| 2001 * | 1,287 | 31 |
| TOTAL | 71,279 | 2,012 |

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

NOTE: Patents and Patent Applications may be reclassified by the USPTO between reporting periods. Therefore, numbers from prior years may change.

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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NOTE: Patent and Patent Application totals may be different than in prior Bulletins due to USPTO reclassification.

Issued Patents

In class 705/4, **57** new patents have been issued in the first two months of 2012. Patents are issued on Tuesdays each week. There has been an upswing in the number of issued patents because the patent office is making a concerted effort to clear its backlog of pending applications.

Note also, that because the USPTO reclassifies patents and patent applications from time to time, the numbers for prior years or months may change.

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, **34** new patent applications have been published in the first two months of 2012. 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.

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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.

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Resources

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

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>