

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 Mark points out the importance of Invalidity Searching in resolving patent disputes in: **Patent Invalidity Search**.

In the Q&A Tom provides an answer to a question on improvement patents.

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 Article

Patent Invalidity Search

By: Mark Nowotarski, Markets, Patents & Alliances LLC – co-editor, Insurance IP Bulletin

There's a lot of suing going on these days related to insurance patents. Whether its auto insurance or annuities, insurance companies are taking a strong stance on enforcing their patent rights. An essential element in resolving these disputes is an "invalidity search". An invalidity search will help both parties realize just how strong or weak a patent is. Settlement is then much more likely, as uncertainty about the validity or invalidity of a patent is reduced.

An invalidity search is a very thorough prior art search. It is a search to find anything published anywhere in the world in any language that might make the claims of a patent either anticipated or obvious. The US patent office does a very effective search when it examines a patent. That search, however, represents several hundred dollars' worth of time and effort. An invalidity search performed by expert searchers in support of a litigated patent can run thousands, if not tens of thousands of dollars. That is not unreasonable. Several million dollars or more may be at stake in the litigation.

There are a number of tools and resources used in invalidity searching that are especially effective in finding previously uncited prior art. They include:

- **Subject matter experts:** For any given invention, there are usually a handful of experts with many years of experience who know the field inside and out. These are the people that can find, for example, presentation overheads from 15 years ago that speak directly to what a patent claim might cover. They can also provide insights into industry standard terms that describe an invention and can be used to further refine key word searching.
- **Technical society web sites:** The Casualty Actuarial Society (www.casact.org) and the Society of Actuaries (www.soa.org), have comprehensive proceedings, papers and other literature in searchable format on line. An effective way to search these collections from Google is to use either the term "site:www.casact.org" or "site:www.soa.org" in combination with key words related to the invention.

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- **Archive.org:** There is often a lot of useful information on the web but the date of it is uncertain. www.archive.org is a helpful site for finding archived versions of web pages with date stamps.
- **Non-English literature:** Time and again I've seen cases where a search of non-English literature, especially Japanese literature, has turned up key prior art where thorough searching in English has failed.
- **Crowdsourcing:** People love to invalidate patents. If you can get the right crowd motivated, they may be able to uncover important references that would not otherwise be easy to find. [Article One Partners](#) is a firm that specializes in crowd-funded invalidity searching with thousands of searchers around the world.

Invalidity searching is an important part of the process for resolving patent disputes. The more thorough the search, the less uncertainty there will be about the validity or invalidity of the claims.

Patents are not guaranteed to be valid simply because the patent office issues one. They can always be questioned and often are when big money is involved – for one side or the other. Neither the patent office nor an inventor can afford to do as extensive a search as is implied by an invalidity search for every patent applied for. Therefore, some chances are taken and may be reasonable given the fact that an inventor, experienced in the art, may come close to being a subject matter expert and, if discussed with associates, may have already put the invention through some crowdsourcing. However, when validity is up for formal review, a more formal and more expensive invalidity search may be in order.

Mark Nowotarski is a registered patent agent in addition to being a co-editor. For more information on this subject please contact him at: Mnowotarski@MarketsandPatents.com

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Patent Q & A

Patenting Improvements

Question: Can improvements on patented insurance processes be patented and used without infringing the original patent?

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 Tom Bakos): Maybe.

Details: First, it should be understood that most invention is an “improvement” over some earlier process, patented or not. An improvement invention is evaluated for patentability on the same basis as the original or basic patented invention which is being improved. The improvement process, as a whole, must be new, useful, and not obvious.

An earlier, related patent may provide a basis for an obviousness rejection which might not have otherwise existed. Invariably, a comparison between the two will be made. The entirety of the differences between the two cannot be obvious to a person of ordinary skill in the art. A simple example: if the original invention (not yours) involved a step to calculate an average value, your improvement based on the calculation of a **weighted** average value may be considered obvious and, therefore, not patentable. However, if you were the original inventor of a patent issued less than one year prior which disclosed an average step, then your improvement to use a weighted average cannot have your prior invention cited against you as prior art.

Improvements to a process may add steps which improve an existing patented process or substitute a better process which does not rely on any or all of the steps of the original invention.

So, for example, if the original patent describes steps A, B, & C, an improvement may add a step D so the improved invention is A, B, C, & D. The improvement step D may be patentable if new, useful, and not obvious. However, a patent does not grant a right to practice an invention. A patent provides a right to exclude others from making or using your invention. The owner of the original patent A, B, & C could prevent the patent D owner from practicing A, B, C, & D without licensing the original patent. Similarly, if D received a patent, it could not be practiced by the owner of A, B, & C without a license from the owner of D.

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However, if the improvement substitutes improved, not obvious steps then it may not rely on the original patent and won't infringe it if practiced in its entirety. An example is an improvement involving steps A, D, & E replacing the original steps A, B, & C. Since the new, improved invention does not perform all of steps A, B, & C, it does not infringe the original patent.

Of course, this response can only address the surface issues and the concept of improvements in a general way. The patentability of an improvement or whether or not its use would infringe an original patent must be based on the particulars of each situation.

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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 6/30/2012		
	Class 705	Subclass 4
YEAR	#	#
2012	3,052	147
2011	5,471	275
2010	5,256	276
2009	2,936	80
2008	2,525	90
2007	1,937	45
2006	2,119	46
2005	1,356	31
2004	900	25
2003	868	21
2002	835	15
2001	818	19
2000	1,020	31
1999	970	36
1998	711	21
1976 - 1997	2,734	47
TOTAL	33,508	1,205

Published Patent Applications as of 6/30/2012		
	Class 705	Subclass 4
YEAR	#	#
2012	4,542	130
2011	7,946	207
2010	8,104	241
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	74,454	2,109

* 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.

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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.)*.

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

Issued Patents

In class 705/4, **50** new patents have been issued between 5/1 and 6/30/2012 for a total of 147 so far in 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, **47** new patent applications have been published between 5/1 and 6/30/2012 for a total of 130 so far in 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>