

# 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's feature article, *A Short History of Private Patent Examination*, we provide some history of how private enterprise has been involved in the past in reviewing patent applications in order to assure that only patents for valid new invention were issued. We imply strongly that this past history can be and is a model for how patent examination may be helped today and in the future.

In our **Patent Q/A** we consider a question on the topic: *Strategies in Drafting Claim language*. The claims in a patent application define the invention. Clearly, they must be carefully thought out by the inventor and the inventor's patent agent.

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**

### **A Short History of Private Patent Examination**

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

Private enterprise has often led the way to solving the most intractable problems patents have faced in their 500 year history. The most critical of these problems has been how to tell if an invention was worthy of a patent or not. Our current patent system is facing a crisis of an ever increasing backlog. The system of “industrialized” patent examination developed in the 1800’s cannot keep up with the proliferation of patentable subjects. Private initiatives, in the form of Peer to Patent, Wiki patent, BountyQuest, Article One Partners, and our own effort, The Examiner Advocate, are actively exploring new ways to bring needed expertise into the current process. Crises in the patent system, however, are not new. It is instructive to look at how private initiatives worked in the past to see how we might proceed into the future.

#### ***The Dawn of Patent Examination***

Patents have been around since the 1400’s. They were originally limited term monopolies granted by kings. The goal was to encourage the development of new industries to strengthen the kingdom. A king, however, is not in a position to judge the technical merits of an invention. In early England, patents were self examined. The inventor had to sign an oath that the invention was new. Validity wasn’t tested until a patent was litigated. This was an expensive and uncertain process.

A different path was taken in France. A private individual, Stephen Pascal, president of a regional tax court, sold his office (you could do that then), moved to Paris, and in 1632 founded a scholarly society, The Free Academy, for the promotion of discovery and the examination of inventions<sup>1</sup>. This society of technical experts made itself available to examine requests for patents. Their first case in 1634 was for an alleged invention of a new way to determine the longitude (east – west position) of a ship. The inventor, Jean-

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<sup>1</sup> Prager, Frank, “Examination of Inventions from the Middle Ages to 1836”, Journal of the Patent Office Society, April 1964, vol. XLVI, No. 4, pp268 – 291.

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Baptiste Morin, Professor of Mathematics at the Royal College in Paris, asserted that he had perfected a method that could do this by careful measurement of the position of the moon relative to nearby stars. The Prime Minister of France, Cardinal-Duke Richelieu, commissioned the Academy to examine these claims. The questions he posed the Academy were:

1. Whether a Longitude Method was disclosed by anyone before Morin's disclosure.
2. Whether Morin really disclosed it.
3. Whether said method can be reduced to practice on land and at sea.
4. Whether by means of said method, astronomical tables of planet movements can be revised more accurately than by the combined methods heretofore employed.

In short, the prime minister, on behalf of the king, wanted to know if the invention was new, useful and not obvious. This was the first articulation of the standards we have today.

The Academy held hearings and consulted outside experts. This included no less an expert in astronomy than Galileo. In response to their inquiries, Galileo stated:

*"As to Morin's book on the method of finding longitude by means of the moon's motion, I say freely that I conceive this idea to be as accurate in theory, as fallacious and impossible to practice."*<sup>2</sup>

The invention was not practical. Morin had not described how to overcome the practical difficulties in making the ultra fine measurements necessary for it to work. Consequently, a patent was denied.

### ***Fast Forward to the Present***

The French Academy continued to serve as the technical patent examining body in France until 1791. Thomas Jefferson was a patent agent in Paris at about that time. The

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<sup>2</sup> The Life of Galileo, George Dearborn, publishers, NY, 1835, p 79.

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initial patent examination procedure adopted in the US was based on the French model. For a while, the US did away with patent examination, but that did not work well.

In 1836 the modern patent examination system was put in place. For the first time, civil servants were employed in examination and patents were organized into classes to facilitate prior art searching. (Exhibit 1) This system has since been copied throughout the world and has served us well until the current crisis.

Private initiatives are now once again exploring fundamental improvements in the patent examination process. Bounties, social networks, wiki formats, and independent experts are all being evaluated. It is here that we expect to see true innovation and the origins of a fundamentally improved patent system.

The bottom line is that efficient patent examination that results in viable patents on real inventions has always required the input of experts. The innovation claimed by a patent applicant must be understood in order to be properly evaluated by an examiner. The basic determinations made are: is it new; is it useful (i.e. does it actually work); and is it not obvious (i.e. is it really innovative). Today, in particular, almost everything would seem new, useful, and not obvious to a non-expert in the subject matter area of a claimed invention. Therefore, experts and expertise will play a very important role in evaluating innovation.

It is quite clear that the esoteric nature of invention today severely taxes the abilities of modern patent examiners who cannot possibly be expert in every new facet of all of the new scientific and business fields that are emerging. It is much more efficient to get experts involved on an as needed basis during the examination process to help insure that only respected high value patents ultimately issue.

## **Patent Q & A**

### **Strategies in Drafting Claim Language**

**Question:** Are there any strategies in drafting initial claim language?

***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.***

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**Answer:** Of course, the underlying, basic strategy is for the applicant is to describe by the claim language the process, machine, article of manufacture, or composition of matter that he thinks he has invented. That said, however, there are other things to consider.

**Details:** By law (35 U.S.C. 112) the Specification of a patent application must contain “one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.” Therefore, everything on which the applicant seeks exclusive rights to should be claimed. It is the set of claims that define what the invention is.

Over time, claim language in the U.S. has developed its own techno-legal jargon which is very difficult for ordinary inventor/applicants without proper training or significant experience to understand. That is one reason why inventors inexperienced in the ways of the patent office may find it so frustrating to communicate with patent examiners and why a patent agent can be very helpful in this process.

It is also likely that no matter how good you think you are in drafting claims, your first office action will likely be a rejection of all or nearly all claims you submit. This may be because of a number of reasons but (assuming you really do have an invention) this initial rejection is probably due to a lack of common understanding between you, the applicant, and the patent examiner. In addition, there is a natural bias as an applicant to seek the broadest possible claims conflicting with the natural inclination of the patent examiner to narrow them.

A good claim drafting strategy, therefore, might be to describe in a reasonable way (and paying close attention to the jargon used in claim drafting) the broadest set of claims that concisely describe the unique subject matter of your invention. The patent examiner’s review contained in the first office action will then serve as a basis for either working towards developing a common understanding of the subject matter of the invention or modifying the language so as to capture within it what the examiner will allow.

An applicant should recognize that, with respect to business method invention, patent examiners may be less familiar with the terms of art used in the financial services areas (including insurance) and, therefore, more education of the examiner by the applicant may be required. In subject matter areas where a lot of new invention built upon older technologies is going on the patent application process may be more routine.

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## **Announcement – On the Wires**

### **Patent Agent to Discuss How Social Media, Peer Review Can Increase the Value of an IP portfolio**

STAMFORD, Conn., Oct. 28 /PRNewswire/ -- Intellectual property expert **Mark Nowotarski**, president of *Markets Patents and Alliances*, will discuss how new peer review and social media tools can strengthen and fast track patents at the upcoming annual meeting of the **American Institute of Chemical Engineers** (AIChE).

For more information about the AIChE annual meeting, which runs from Nov 8 -13 in Nashville, TN, go to <http://www.AIChE.org>. Nowotarski will speak Nov. 10 at 12:30 p.m.

As you all know, Mark is co-editor of this newsletter.

## **Announcement – TechNet Patents Forum**

**TechNet Patents Forum** is an intellectual property conference focused on practical, proven methods for driving ROI by transitioning in-house patent teams (in technology, internet, and software companies) from legal bodies to business units.

This event addresses the most critical and timely issues facing the industry regarding patentable subject matter, legislative reform, cloud applications, the Bilski case, and responses to doing more with less in today's challenging economic environment.

The featured Keynote Speakers are Robert Stoll, *Commissioner for Patents*, U.S. Patent and Trademark Office and Hon. Paul Luckern, *Chief Judge*, International Trade Commission.

For more information about this event, please visit [www.worldrg.com/technet](http://www.worldrg.com/technet).

**As a subscriber to the Insurance IP Bulletin**, In-House Counsel pay only \$595 to attend! To register, call customer service representative Justin Naffah at 781-939-2510 and mention promo code TUB245.

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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 10/27/2009		
	Class 705	Subclass 4
YEAR	#	#
2009	2,410	55
2008	2,673	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	744	20
1978- 1997	2,778	47
1976- 1977	80	0
<b>TOTAL</b>	<b>20,229</b>	<b>471</b>

Published Patent Applications as of 10/29/2009		
	Class 705	Subclass 4
YEAR	#	#
2009	6,887	233
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>54,083</b>	<b>1,411</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, 10 new patents have been issued since 8/25/2009 for a total of 55 in 2009 through 10/27/2009. 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, 42 new patent applications have been published since 8/27/2009 for a total of 233 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.**

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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>

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## **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**

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

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