

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

Happy New Year!

In this issue's feature article we introduce you to an experiment in better business method patent examination that we have initiated. We invite you to participate. It is our hope that we can encourage individuals in the various practice areas in which invention occurs to contribute their expertise in order to have better, more meaningful invention and patents that can be called art.

In our **Patent Q/A**, the question of patents as art is discussed. Patents, of course, are an expression of the innovative nature of mankind. While the underlying invention is artful, its expression, the patent, may also be art in and of itself. A patent is a written description (which may also include some drawings) of an invention meant to communicate how to make and use it. Clearly, a patent lives forever – as demonstrated by the example given in the Q&A. Patents reflect the history of their day and how inventors thought. They are a valuable addition to world literature.

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

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

Feature Article

An Experiment in Better Patent Examination

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

There is a critical need to improve the speed, efficiency, and thoroughness of business method patent examinations. Towards, that end, we have initiated a two pronged experiment to see if modern technology combined with good old fashioned customer focus can help in achieving that improvement.

And you, our readers, are invited to participate.

Peer-to-Patent Patent Applications Customized for You, the Reviewer

Our first prong is to evaluate new formats for patent applications specifically tailored to meet the needs of [Peer-to-Patent](#) reviewers. That could be you.

Peer to Patent is a program implemented by the USPTO in June 2007 as a pilot to test the extent to which public comment and document submission would provide useful prior art to patent examiners. Originally Peer to Patent was limited in scope to patent applications assigned to Technology Center 2100 but has since been expanded to include applications in Class 705.

Our plan is to eliminate the interminably long, deliberately obfuscated, and incomprehensibly vague patent applications. We want to post patent applications written by experts for experts.

Towards that end, Tom has developed a rather intriguing invention which we have submitted for Peer-to-Patent review as a "test case". The USPTO has indicated that publication will occur sometime in February, with posting on Peer-to-Patent shortly thereafter.

The invention itself addresses the critical needs in today's marketplace for more efficient ways to fully underwrite life insurance policies, and more transparency in life insurance pricing. It's called a "Risk Assessment Company". The basic idea is that a Risk Assessment Company will be a repository for continuously updated personal medical and other risk information that can be used to instantly generate a fully underwritten life insurance quote by any participating

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

company at any time. Obviously, there is much more to it than this brief description, but we invite our readers to stay tuned for a full disclosure of the details of the invention when it's posted on Peer to Patent.

What makes this application different is that it was written by an actuary for actuaries (and other knowledgeable persons in insurance). This means that it gets right to the point and uses language and concepts our readers with knowledgeable in the insurance field, will find easy understand and easy to review. We think you will find it a lot more enjoyable and perhaps even provocative to read than a typical business method patent application.

If you would like to get a jump on Peer-to-Patent and take an early look at the application, feel free to drop us a note and we will forward a copy after we put the appropriate Non-disclosure agreement in place.

The Examiner Advocate

Prong II of our experiment is something we call "The Examiner Advocate"¹. The basic idea behind the Examiner Advocate is that we will team a technical expert with a licensed patent practitioner to examine a published patent application before a patent examiner looks at it. This technical expert – patent expert team will then post a "Proposed Office Action"² and an "Expert Opinion"³ right on the web as an educational resource for the patent examiner. The patent examiner will be free to use what we post in any way that he or she feels is appropriate. The technical expert – patent expert team will stay with the application all the way through the process with commentary posted after each correspondence between the patent applicant and the examiner.

We are volunteering our own patent application, "Risk Assessment Company", as the first test of our examiner advocate process. While the volunteer reviewers are submitting commentary and prior art to the USPTO through Peer to Patent, our professional team will be posting fully drafted Proposed Office Actions on the Examiner Advocate website for the benefit of all involved.

¹ Patent pending

² An "office action" is a letter from a patent examiner to an inventor which tells the inventor whether or not he or she will be granted a patent. The inventor gets to respond. The examiner gets to respond to the response, and so on until agreement is reached or the patent application is abandoned. After two rounds of office actions, the inventor has to pay more fees to get more examination.

³ These will be formal "132 declarations" that the Examiner can rely on as evidence.

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

Obviously, it would be a conflict for us to draft Proposed Office Actions or Expert Opinions on our own invention, so we are asking for volunteers who would like to take on that role in this trial. If you would like to be considered or would like to learn more, we invite you to contact us through mark.nowotarski@gmail.com or tbakos@bakosenterprises.com

The Next Generation of Business Method Patents

It's time for a breakthrough in how business method patents are written and examined. We hope our modest experiments through Peer-to-Patent and The Examiner Advocate will at the very least inspire others to make even bolder explorations into the next generation of business method patents.

Patent Q & A

Patents as Art?

Question: Are Patents 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: Yes, and sometimes the artistic nature can be more important than the invention itself.

Details: With the move to more public participation in patent examination, such as Peer to Patent, the importance of the "artistry" of patents will grow. The public needs to be inspired to read a patent application and devote time and effort to providing useful input not only in its examination, but in the development of the idea itself. That's what artistry does.

Most patents (as opposed to the inventions themselves), however, are long on legalese and short on inspiration. I wondered, however, if there might be a few artistic examples out there. I posed the question "[Are patents art?](#)" on Linked In to see if the collective intelligence of that professional network could help me out.

A great answer was provided by my good friend and manager of Praxair Inc's library services, Crystal Megaridis. Here is an excerpt.

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

Hi Mark! Here's my answer:

Absolutely, Positively!!! It's not only art - it can be (sacred) antiques as well. Here's why I say so... My great great grandfather was a typical, clever farmer in upstate NY, living circa 1820 - 1890. During his life he patented 9 farm & household implements. One of these was a very early reaper (pre-McCormick, by ~10 years, maybe more), and we have the original patent, as well as his beautiful scale model! The model is SO beautiful, perfectly smooth wood, and so intricate. The patent document is amazing too - it's about 18" wide by about 30" tall, with a red ribbon tied as the binding, and a seal on the front page. I even still have the table (c. 1850) that he did his drawings on....

Having these things, as well as a few other interesting family items, led me about 20 years ago to become an avid genealogist (which actually inspired me to switch careers from architect to librarian!) So, I would say that patents are all you suggest and more!

Crystal

Crystal's great great grandfather was [Nicolas Clute](#). His first patent was number 17,555, "[Harvester](#)", June 16, 1857.

Update

USPTO Efforts to Bring in Expertise

On July 22/08 Tom Bakos wrote a letter to the patent office making suggestions on how the patent examination process relative to business method patents might be improved. A response from the USPTO indicated that the patent office was working with the Office of Personnel Management (OPM) to:

- Hire qualified candidates in areas such as actuarial science and finance for the business methods areas, and
- Create a Chief Scientist position.

A follow-up indicates that the patent office as of late November, 2008 had not yet received final approval from OPM to hire experts in actuarial science or finance and that no changes in the general qualification requirements for examiners has yet been undertaken.

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

The follow-up indicated that hiring for a Chief Scientist in the electrical discipline where the need is greatest has begun.

The USPTO has noted that patent application filings in business method categories have remained fairly level over the past couple of years. The recent economic downturn and recent court decisions (e.g. Bilski) are all expected to have an impact of new filings. Therefore, the patent office seems to be in a wait-and-see mode right now.

Announcement

Creating Client Value with Peer-to-Patent

Mark Nowotarski (co-editor) will be conducting a [Workshop for Optimizing Patent Strategies at Patent Forum 2009](#) on **February 25 – 26, 2009** in San Francisco, CA.

The workshop will explore a powerful new tool for creating value for patent clients called [Peer-to-Patent](#) and how to use this new tool to potentially:

- increase licensing / investor interest in a pending patent application,
- identify and solve technical hurdles in an early stage invention, and
- increase consumer interest in a new invention.

The workshop will explore these goals through a fundamental redesign of patents which fully meet USPTO requirements made possible by the technology of Peer-to-Patent. Real life examples will be examined and participants will participate in patent drafting exercises based on peer-to-patent principles.

Peer-to-Patent is a joint program between New York Law School and the USPTO to provide “open” patent examination. Applicants volunteer to have their patent applications posted on the Peer-to-Patent website. Members of the public may then upload prior art and commentary. The prior art and commentary is passed on to a USPTO examiner and the applications are examined right away.

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

Analysis Available

Lincoln National Life Insurance Company Alleges Patent Infringement - GMWB

Lincoln National Life Insurance Company now has three patents covering the methods and processes used in providing **Guaranteed Minimum Withdrawal Benefits** (GMWBs) for variable annuities. Two additional patent applications remain pending.

Lincoln is asserting its patent rights through patent infringement lawsuits against three competitors who offer GMWBs: **Transamerica Life Insurance Company, Jackson National Life Insurance Company, and Sun Life Assurance Company**. Claims in one patent are now the subject of a USPTO reexamination.

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) (<http://www.BakosEnterprises.com/IPA>).

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

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 12/16/08		
	Class 705	Subclass 4
YEAR	#	#
2008	2604	85
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-	2,778	47
1997		
1976-	80	0
1977		
TOTAL	17,751	412

Published Patent Applications as of 12/18/08		
	Class 705	Subclass 4
YEAR	#	#
2008	8,520	196
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
TOTAL	47,008	1,175

* 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.).

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

Issued Patents

6 new patents have been issued between 11/4 and 12/16/2008 for a total of 85 in class 705/4 during the first 11 ½ months of 2008. Patents are issued on Tuesdays – two more Tuesdays exist in calendar year 2008.

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

26 new patent applications have been published in class 705/4 between 11/6 and 12/18/08 for a total of 196 so far during calendar year 2008. Patent applications are published on Thursdays.

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.

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

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>