

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 **Anticipate Rejection in a Patent Application** some advice from a pro se filer in how to address or avoid the most common examiner objections.

In the Q&A Mark provides an answer to a very logical question **Why Bother Obsessing Over Initial Claims?** given the anticipation of rejection of the initial claims.

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

Anticipate Rejection in a Patent Application

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

In doing their jobs patent examiners are focused on finding reasons for rejecting claims and, typically, they find them. So, applicants are well advised to prepare for that eventuality when drafting the specification description and the initial claims. A prepared applicant who has laid the groundwork in the specification for requests for reconsideration or appeal will be better positioned to overcome the objections or rejections of the examiner.

This advice relates particularly to business method patent applications in the insurance and broader financial services areas. “Business method” is a generic term without any formal definition in the patent office. It refers to various types of inventions in the *process* category – one of the four types of patentable subject matter defined by 35 U.S.C. 101: process; machine; article of manufacture; and composition of matter.

The 101 Rejection

One of the types of rejection an inventor may face is a “101” rejection. A 101 rejection means the examiner believes your claims are not patentable subject matter. Addressing patentable subject matter issues with respect to business method process claims requires focused attention since a “process” to be patentable subject matter must be tied to a particular machine or apparatus in a useful way so as to produce a concrete and tangible result.

After the *Bilski* decision [*Bilski v. Kappos*, No. 08-964 (June 28, 2010)] the USPTO adopted interim guidance which further describes patentable processes as “a series of acts or steps that are tied to a particular machine or apparatus or transform a particular article into a different thing or state.” This is called the machine-or-transformation test and, if satisfied, distances a process from an abstract idea which is not patentable.

In evaluating a business method process for patentability and, certainly, when describing it in the specification if a patent is applied for, the inventor must see, understand, and describe how any mathematical operation, abstract idea, mental process, natural phenomena, or other universal law of nature applied in the claimed inventive business method process is used to produce a particular practical result. That is, the claimed invention must solve a particular, well

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stated problem. The object of the examiner's analysis is to determine that the inventor is not attempting to claim all practical uses of a law of nature or abstract concept, just one or more particular uses. Such a claim would not be patentable subject matter.

A 101 rejection might be avoided if the inventor clearly describes the invention and its operation in the specification. For example, a process might be described as one which utilizes a mathematical algorithm (by itself not patentable) to manipulate data transmitted or stored electronically in order to transform such data into a new, more useful state. Such particular application of a mathematical algorithm in a business method process may be patentable – or, at least, can avoid a 101 rejection.

The 112 Rejection

35 U.S.C. 112 sets forth the requirement an inventor has to describe the invention (paragraph 1) and to “distinctly claim the subject matter which the applicant regards as his invention” (paragraph 2).

While a “112 paragraph 2” rejection is probably the result of poor claim drafting, a “112 paragraph 1” rejection might be hard to overcome if important features or operations are left out of the written description because they were assumed or so well understood by the inventor he or she doesn't think to include them in the specification. While it is true one is writing the specification description for a person of ordinary skill, focus on the word “ordinary” and include a description of everything above the level of basic.

So, after the claims are drafted to satisfy the appropriate tests applied by the examiner (e.g.; machine-or-transformation test) go back and read the specification to make sure it has laid the ground work for the claims, that is, make sure you have described your invention in the specification so that you can claim it in the claims.

The 103 Rejection

Of course, it is good advice always to be aware of the other invention or common practice in your subject matter area. It is generally a waste of time and effort to claim an invention actually disclosed by prior art which is what results in a 103 rejection – named after 35 U.S.C. 103.

In evaluating prior art an examiner must step backward to a time just prior to when the invention was made, put himself in the shoes of a hypothetical person of ordinary skill in the art, and using only information available at that time (i.e.; setting aside the disclosures made by

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the applicant) make a determination of whether or not the invention “as a whole” would have been obvious.

Patent Q & A

Why Bother Obsessing Over Initial Claims?

Question: If most patent applications are rejected on the first office action, why should I worry about what I initially claim?

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: Because it sets the tone for the rest of the examination.

Details: A lot of care and effort goes into drafting the claims that are initially filed with a patent application. This may seem like wasted effort given that the vast majority of claims are rejected on a first office action. The claims you file, however, set the tone for the rest of the examination. If the claims are serious, the examiner will be serious. If the claims are superficial, the examiner will be superficial.

Over the years, I’ve developed the firm opinion that examiners quickly develop a gut feeling when reading a patent application as to whether or not it has any patentable material. Examiners have told me that when they start on a new case, they begin with the claims. That’s where you make your first impression. If the claims you file have all of the elements that an examiner expects to see in allowable claims, then he or she will start out with the sense that there is allowable subject matter in the application. On the other hand, if the claims have elements of claims the examiner normally rejects, then the examiner will start out with the sense that perhaps nothing in the application is allowable. Once these opinions are set one way or the other, they are difficult to dislodge.

Insurance patents are particularly challenging. Examiners reject far more claims than they allow. If your patent agent or attorney is new to the insurance field, it might be worthwhile to ask him or her to review some claims that have been allowed and some that have been rejected multiple times. This will help you get off on the right foot.

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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 12/31/2011		
	Class 705	Subclass 4
YEAR	#	#
2011	5,464	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	899	24
2003	868	21
2002	833	15
2001	817	19
2000	1,020	31
1999	970	36
1998	711	21
1976 - 1997	2,734	47
TOTAL	30,443	1,057

Published Patent <u>Applications</u> as of 12/31/2011		
	Class 705	Subclass 4
YEAR	#	#
2011	7,949	207
2010	8,092	240
2009	8,355	284
2008	8,537	210
2007	6,743	195
2006	5,855	177
2005	6,021	159
2004	5,376	167
2003	5,776	135
2002	5,903	172
2001 *	1,287	31
TOTAL	69,894	1,977

* 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, **51** new patents have been issued in the last two months – continuing the trend to catch up on pending applications making a total of 275 new patents issued in class 705/4 for 2011. 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, **28** new patent applications have been published in the last two months for a total of 207 for 2011. 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

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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.

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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>