

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LIBERTY MUTUAL INSURANCE CO.
Petitioner

v.

PROGRESSIVE CASUALTY INSURANCE CO.
Patent Owner

Case CBM2012-00010 (JL)
U.S. Patent No. 7,124,088

Before JAMESON LEE, JONI Y. CHANG, and MICHAEL R. ZECHER,
Administrative Patent Judges.

ZECHER, *Administrative Patent Judge*

DECISION
Institution of Covered Business Method Review
37 C.F.R. § 42.208

I. STATEMENT OF THE CASE

On September 28, 2012, Liberty Mutual Insurance Company (“Liberty”) filed a petition (“Pet.”) requesting review under the transitional program for covered business method patents of U.S. Patent 7,124,088 (“the ’088 patent”)(Ex. 1001). Paper No. 1. Patent owner, Progressive Casualty Insurance Company (“Progressive”), filed a preliminary response (“Prelim. Resp.”) on January 2, 2013. Paper No. 13. We have jurisdiction under 35 U.S.C. § 324.

The standard for instituting a covered business method review is set forth in 35 U.S.C. § 324(a), which provides:

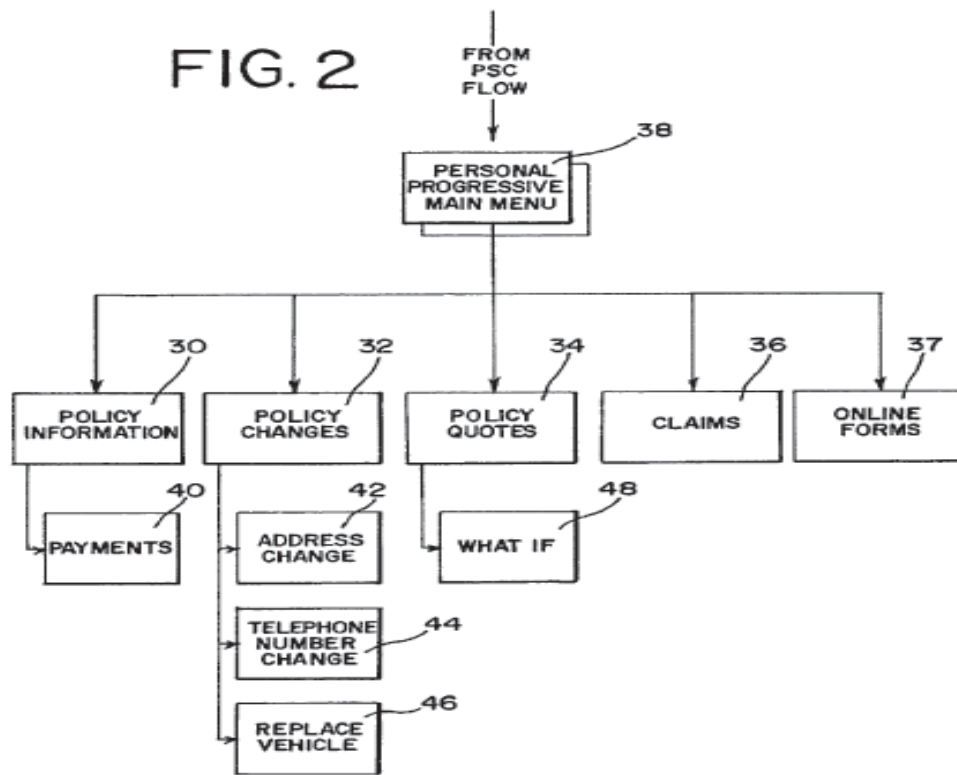
THRESHOLD --The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Liberty challenges claims 1-46 of the ’088 patent under 35 U.S.C. §§ 102 and 103 as being unpatentable. Pet. at 14-79. Taking into account Progressive’s preliminary response, we conclude that the information presented in the petition demonstrates that it is more likely than not that claims 1-46 are unpatentable. Pursuant to 35 U.S.C. § 324 and section 18(a) of the Leahy-Smith America Invents Act (“AIA”), we hereby authorize a covered business method patent review to be instituted as to claims 1-46.

A. The Invention of the '088 Patent

The invention of the '088 patent generally relates to an insurance data communication and processing system. Ex. 1001, spec. 1:6-14. In particular, the insurance data processing system allows a policyholder to access, view, and update insurance policy information via the Internet. Ex. 1001, spec. 2:58-61. After the policyholder is authenticated, the system retrieves and displays the information requested by the policyholder. Ex. 1001, spec. 2:62-65. The system employs a friendly user-interface that guides the policyholder through various activities. Ex. 1001, spec. 2:65-67. Those activities include, but are not limited to: (1) reviewing billing information; (2) making a payment via a credit card or on-line check; (3) reviewing policy information; (4) reviewing state specific contract information; (5) quoting and endorsement for vehicle replacement; (6) making address changes; and (7) reviewing claim information. Ex. 1001, spec. 2:65-3:4. The system displays both the premium amount and variance, and updates the file of the policyholder at their request without the need for personal handling by an individual representative of the insurer or an independent agent. Ex. 1001, spec. 3:4-8.

Figure 2, which is reproduced below, illustrates a block diagram that identifies the principal processing modules of the insurance data processing system. Ex. 1001, spec. 2:43-44.



The insurance data processing system illustrated in Figure 2 is segregated into four critical areas of content: (1) policy information 30, (2) policy changes 32, (3) policy quotes 34, and (4) claims information 36. Ex. 1001, spec. 5:41-47. A prospective user can navigate to each module from the Personal Progressive main menu 38 by accessing web pages that specifically are designed to guide the policyholder to the desired information via clicks on alternative query marks or via input of necessary information. Ex. 1001, spec. 5:47-52. Figure 2 also illustrates another module 37 that provides the policyholder with the ability to acquire on-line forms that typically include duplicate insurance forms, such as identification cards and declaration page sets. Ex. 1001, spec. 5:57-60.

B. Illustrative Claim

Claim 1 is the only independent claim and, therefore, is illustrative:

1. An on-line insurance policy service system comprising:

a web browser for accessing remote insurance information by an insurance policyholder and software linked to the remote insurance information;

a publicly accessible distributed network for transferring data from the web browser;

an information module, remote from the web browser coupled to the publicly accessible distributed network, that identifies the insurance policyholder and verifies an insurance policy parameter of an existing insurance policy of the insurance policyholder in real-time in response to first data received from the insurance policyholder through the publicly accessible distributed network and the web browser;

where the first data comprises a personal security code that allows access to insurance policy parameters of the insurance policyholder;

an insurance policy adjustment module, remote from the web browser coupled to the publicly accessible distributed network, that adjusts the insurance policyholder's insurance policy parameter in real-time in response to second data received from the insurance policyholder through the publicly accessible distributed network and the web browser,

where the second data comprises a selection of the insurance policy parameter;

where the insurance policy adjustment module provides an acknowledgement to the web browser in response to the adjustment of the selected insurance policy parameter within

the existing insurance policy, and implements the adjustment to the existing insurance policy; and

where an insurer's computer generates an insurance document customized to the insurance policyholder as identified by the personal security code and sends the customized insurance document to the web browser in response to the second data received from the insurance policyholder through the publicly accessible distributed network and the web browser.

Ex. 1001, claims—spec. 9:6-44 (emphasis added).

C. Standing

Section 18 of the AIA governs the transitional program for covered business method patent reviews. Section 18(a)(1)(B) of the AIA limits such reviews to persons or their privies that have been sued or charged with infringement of a covered business method patent.

Liberty indicates that the '088 patent was asserted against it in *Progressive Cas. Ins. Co. v. Allstate Ins. Co. et al.*, Case No. 1:11-cv-00082, pending in the U.S. District Court for the Northern District of Ohio. Pet. at 5. Progressive does not dispute that it asserted the '088 patent against Liberty.

D. Covered Business Method Patent

1. Principles of Law

Under section 18(a)(1)(E) of the AIA, the Board may institute a transitional proceeding only for a patent that is a covered business method

patent. Section 18(d)(1) of the AIA defines the term “covered business method patent” to mean:

a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.

Pursuant to that Section 18(d)(2) of the AIA, the Office promulgated 37 C.F.R. § 42.301(b) to define the term “technological invention” for the purposes of the transitional program for covered business method patents review. In determining whether a patent is for a technological invention, the following shall be considered (37 C.F.R. § 42.301(b)):

whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.

2. Contentions

In the petition, Liberty contends that the claimed invention of the '088 patent is not a “technological invention” because it does not satisfy the aforementioned definition. Pet. at 4-5. In particular, Liberty argues that the claims of the '088 patent do not recite a technological feature that is novel and unobvious because the claims are directed to performing ordinary insurance policy services over the Internet using conventional techniques. *Id.* at 4 (citing to Ex. 1001, Abstract). Moreover, Liberty argues that the subject matter as whole does not solve a technological problem because the claimed system simply modifies an insurance policy by changing policy parameters. *Id.* at 4-5 (citing to Ex. 1001, independent claim 1). Liberty

asserts that the invention of the '088 patent amounts to nothing more than managing and updating an insurance policy by communicating over the Internet. *Id.* at 5 (citing to Ex. 1001, class 705/4).

In response, Progressive contends that the claims of the '088 patent recite a novel and unobvious technical feature. Prelim. Resp. at 5-7. Progressive argues that Liberty's discussion regarding the written description of the '088 patent, class 705, and their declarations do not address whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art. *Id.* at 6-7. Progressive also argues that Liberty's own claim construction indicates that the invention of the '088 patent is directed to specific technological features—namely software that implements the functions associated with each of the claimed modules that enable real-time processing. *Id.* at 7.

In addition, Progressive contends that the invention of the '088 patent solves a technical problem using a technical solution. Prelim. Resp. at 8-11. Progressive alleges that the system of the '088 patent provides a technical solution to the technical problem of providing insurance services without the assistance of an insurer, agent, or representative. *Id.* at 9-10. Progressive asserts that the '088 patent solves that problem by providing insurance policyholders direct electronic access to their insurance provider's system, thereby allowing individual policyholders to adjust their insurance policies and interactively effect changes to those policies in real-time with the proper technical safeguards. *Id.* at 10-11.

3. *Analysis*

To help the public better understand how the definition of a technological invention under 37 C.F.R. § 42.301(b) would be applied in practice, the Office Patent Trial Practice Guide provides the following guidance as to claim drafting techniques that would typically not render a patent a technological invention:

(a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer readable storage medium, scanners, display devices, or databases, or specialized machines, such as ATM or point of sale device.

(b) Reciting the use of known prior art technology to accomplish a process or method, even if the process or method is novel and non-obvious.

(c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

77 *Fed. Reg.* 157 (Aug. 14, 2012) at 48763-64.

As the presence of a single claim is sufficient to institute a covered business method patent review, we begin our analysis by looking at independent claim 1. Independent claim 1 recites “[a]n online insurance policy service system comprising,” *inter alia*, “a web browser,” “a publicly accessible distributed network,” “an information module,” “an insurance policy adjustment module,” and “an insurer’s computer.” With respect to the claimed “information module” and “insurance policy adjustment module,” the ’088 patent equates those modules to software modules that perform a specified function. *See, e.g.*, Ex. 1001, “software modules” disclosed in the Abstract; *see also* “software linked to remote insurance

information” recited in independent claim 1. That claim construction appears consistent with the positions taken by both Liberty and Progressive. Pet. at 4 and 12-13; Prelim. Resp. at 5, 7, and 9-10.

Based on the guidance noted above, the mere recitation of known technologies—namely a web browser, a communications network, various software modules, and a computer—does not render the claimed subject matter recited in independent claim 1 a technological invention. In other words, contrary to Progressive’s arguments, all of the aforementioned claim elements together, except the insurance nature of the data being processed, amount to nothing more than a combination of known prior art technologies used in their ordinary and predictable manner. In addition, it appears that the patentability of the invention in the ’088 patent is not based on the mere combination of a web browser, a communications network, software modules, and a computer, but instead on the insurance nature of the data being processed. Therefore, we conclude that independent claim 1 lacks a novel and unobvious technological feature.

Moreover, the invention in the ’088 patent overcomes the cost and service problems associated with an insurance company’s representative or independent agent communicating with an insurance policyholder regarding their service requests. Ex. 1001, spec. 1:36-45. According to Progressive, the claims of the ’088 patent allegedly solves those problems by providing insurance policyholders direct electronic access to their insurance provider’s system, thereby allowing individual policyholders to adjust their insurance policies and interactively effect change to those policies in real-time with the

proper technical safeguards. Prelim. Resp. at 10-11. However, addressing a policyholder's service requests using an on-line, automated insurance data processing system solves a financial problem rather than a technical problem, *i.e.*, it reduces the administration or personnel costs associated with handling an insurance service request. Progressive does not assert that at the time of the invention in the '088 patent, "real-time" computer data processing, in general, via a web browser and a communications network was either unknown or unachievable. Therefore, we hold that the claimed subject matter recited in independent claim 1 does not solve a technical problem using a technical solution.

For the foregoing reasons, the subject matter of independent claim 1 as a whole is not a technological invention under 37 C.F.R. § 42.301(b). Accordingly, the '088 patent is eligible for covered business method patent review.

E. Prior Art Relied Upon

Liberty relies upon the following prior art references:

Lockwood	US 4,567,359	Jan. 28, 1986	Ex. 1008
Tawil	US 5,225,976	July 6, 1993	Ex. 1006

"Marketing of Insurance Over the Internet," National Association of Insurance Commissioners (1998)(Ex. 1007)(hereinafter "NAIC").

"CIGNA© P&C Introduces ComputerGuard(TM) Insurance; Fills the Coverage Gaps Left by Many Homeowners Policies," PR Newswire (Apr. 14, 1999)(Ex. 1004)(hereinafter "the ComputerGuard press release").

F. Alleged Grounds of Unpatentability

Liberty seeks review of claims 1-46 of the '088 patent based on the following alleged grounds of unpatentability:

1. claims 1-3, 12-32, 34-41, and 44-46 as anticipated under 35 U.S.C. § 102 by NAIC (Pet. at 14-37);
2. claims 4-11, 42, and 43 as unpatentable under 35 U.S.C. § 103(a) over the combination of NAIC and Lockwood (*id.* at 37-44);
3. claims 1-8, 12-41, and 44-46 as unpatentable under 35 U.S.C. § 103(a) over NAIC (*id.* at 44-46);
4. claims 1-15, 18-25, 27-33, and 35-46 as anticipated under 35 U.S.C. § 102 by the ComputerGuard press release (*id.* at 46-73);
5. claims 1-46 as unpatentable under U.S.C. § 103(a) over the ComputerGuard press release (*id.* at 73-76); and
6. claims 25, 26, and 44-46 as unpatentable under 35 U.S.C. § 103(a) over the combination of the ComputerGuard press release and Tawil. *Id.* at 76-79.

II. FINDINGS OF FACT

The following findings of facts are supported by a preponderance of the evidence.

A. NAIC

1. NAIC provides a detailed discussion of the Internet as it relates to insurance transactions, possible transactional guidelines, and other issues relating to on-line insurance transactions. Ex. 1007, pg. 1.¹ NAIC discloses that the Internet provides email and home page capabilities that allow a prospective consumer to communicate with insurance companies about changes to their respective insurance policies. Ex. 1007, pg. 4; *see also* pg. 9. NAIC discloses that the Internet provides instantaneous confirmation that an insurance company has complied with a consumer's instruction(s). *Id.* In addition, NAIC discloses that by establishing websites on the Internet, insurance companies have the ability to conduct instant transactions and communications. Ex. 1007, pg. 8; *see also* pg. 20.

2. NAIC discloses that automation vendors design websites that are integrated with agency management systems. Ex. 1007, pg. 17. NAIC discloses that those websites permit policyholders to access their insurance companies electronically to examine billing status, determine the type and amount of coverage, make changes to their policy, request quotes, and obtain information about other types of insurance coverage. *Id.* According to NAIC, the insurance industry views those websites as an opportunity to operate an insurance agency that is accessible to policyholders and consumers 24 hours a day. *Id.*

¹ All references to the page numbers in NAIC refer to the page numbers located at the bottom, middle portion of each page.

B. Lockwood

3. Lockwood generally relates to a system for automatically dispensing information, services, and products to customers in a self-service fashion. Ex. 1008, spec. 1:6-8. In particular, Lockwood discloses that the system may be used for automatically dispensing insurance quotations and policies. Ex. 1008, spec. 1:8-10.

4. Figure 1 of Lockwood, which is reproduced below, illustrates a system that comprises a data processing center 1 that includes a central processing unit 22 and memory 23. Ex. 1008, spec. 5:37-38.

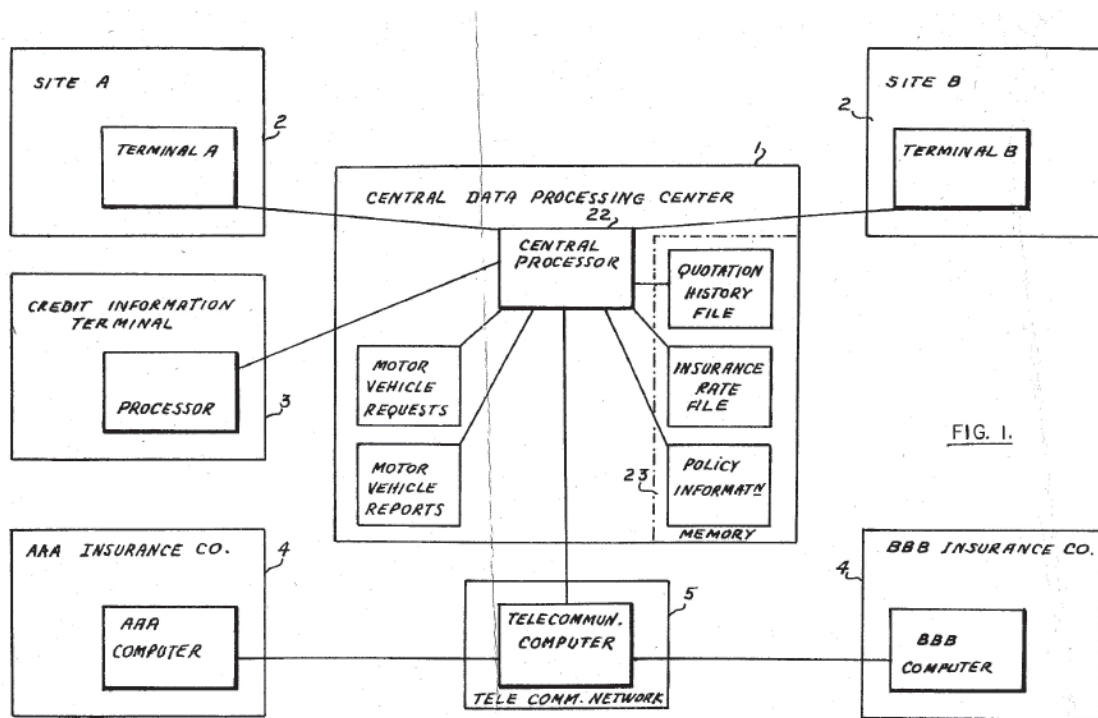


FIG. 1.

Referring to Figure 1, Lockwood discloses that the processing unit 22 operates in response to program instructions to perform insurance quotation

calculations based on customer information received from a terminal. Ex. 1008, spec. 3:51-55; 5:44-49; *see also* spec. 6:3-14.

5. Lockwood discloses that all operations with respect to obtaining information, checking credit, transmitting information to respective companies, and issuing policies are carried out automatically. Ex. 1008, spec. 9:16-20.

III. CLAIM CONSTRUCTION

During a covered business method patent review, the Board construes claims by applying the broadest reasonable interpretation in light of the specification. 37 C.F.R. § 42.300(b). If the specification does not set forth an explicit or special definition for a claim term, we resort to its ordinary and customary meaning as would be understood by one with ordinary skill in the art. *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005) (*en banc*). In some cases, the ordinary and customary meaning of a claim term as would be understood by one with ordinary skill in the art may be readily apparent even to lay judges, and claim construction in such cases involves little more than the application of the widely accepted meaning of commonly understood words. *See id.* at 1314.

Liberty has identified seven claim terms and its claim construction for those terms. Pet. at 11-14. Those claim terms are listed as follows: (A) “accessing remote insurance information by an insurance policyholder;” (B) “information module,” “insurance policy adjustment module,” “payment module,” “payment enablement module,” “claims information module,” and

“policy quote(s) module;” (C) “insurance policy parameter;” (D) “real-time;” (E) “personal security code;” (F) “adjustment;” and (G) “insurance document.” As a first step in our analysis for determining whether to institute a covered business method patent review, we will address each claim term identified by Liberty in turn.

A. *“Accessing remote insurance information by an insurance policyholder”*

Liberty construes the claim phrase “accessing remote insurance information by an insurance policyholder” to mean that an insurance policyholder or someone acting on his or her behalf accesses insurance information located elsewhere. Pet. at 12. Liberty contends that the specification of the ’088 patent does not limit that claim phrase to direct access by a policyholder. *Id.* In response, Progressive contends that Liberty’s claim construction with respect to the claim term “insurance policyholder” is unreasonable. Prelim. Resp. at 15-18. Progressive argues that throughout the specification, the claim term “insurance policyholder” describes a person who holds ownership in an existing insurance policy rather than a person, such as an insurance agent or other insurance company personnel, acting on behalf of the insurance policy holder. *Id.* at 16-17 (citing to Ex. 1001, Abstract; spec. 1:45-53, 2:62-65, and 3:4-8). Moreover, Progressive alleges that the use of the claim term “an insurance policyholder” throughout the specification is consistent with its common understanding in the industry. *Id.* at 17. Progressive directs us to a dictionary of insurance terms that defines a “policyholder” as an “individual

or other entity who owns an insurance policy” and “synonymous with policyowner.” *Id.* at 17-18 (citing to Ex. 2007, Harvey W. Rubin, Dictionary of Insurance Terms, 3rd ed. (1995)).

Upon reviewing the specification, we do not find an explicit or special definition for the claim term “insurance policyholder.” Therefore, we resort to its ordinary and customary meaning as would be understood by one with ordinary skill in the art. *See Phillips*, 415 F.3d at 1312. We agree that the dictionary definition offered by Progressive amounts to the broadest reasonable interpretation of the claim term “insurance policyholder.” However, the claim phrase “*accessing* remote insurance information *by* an insurance policyholder” (emphasis added) does not require the insurance policyholder to personally access the insurance information and, therefore, should not be construed so narrowly to preclude someone acting on the insurance policyholder’s behalf. We can find nothing in the specification indicating that access by an insurance policyholder is limited only to direct access by the insurance policyholder and excludes indirect access through someone acting on behalf of the insurance policyholder.

While we agree with Progressive that the claim term an “insurance policyholder” by itself constitutes a person who owns an existing insurance policy rather than someone acting on his or her behalf (Prelim. Resp. at 16-18), the key issue here centers on the entire claim phrase “accessing remote insurance information by an insurance policyholder.” Progressive identifies two statements in the specification that purportedly support its view that access by an insurance policyholder must mean direct access by the

insurance policyholder without someone acting on his or her behalf. *Id.* In one, the specification of the '088 patent states that:

[t]he present invention contemplates a new and improved insurance policy service and delivery system for communicating changes in policy parameters to an insurer via an Internet on-line automated system, thereby obviating representative or agent personal involvement in the interfacing and communicating of policy parameter changes, policy changes and associated charge adjustments between the customer and the insurer.

Ex. 1001, spec. 1:45-53. In the other, the specification of the '088 patent states that “[a]ny way the insurer can reduce personnel involvement in addressing policyholder services is a way that can improve efficiency and reduce costs—costs that can be eliminated to result in lower rates to a consumer buying the insurance.” Ex. 1001, spec. 1:41-45. However, those statements are inapposite because they pertain to allowing direct access by an insurance policyholder without personnel involvement from the insurer and do not prohibit indirect access through someone acting on behalf of the insurance policyholder, *e.g.*, an adult child acting on behalf of an elderly parent.

B. “*Information module,*” “*insurance policy adjustment module,*” “*payment module,*” “*payment enablement module,*” “*claims information module,*” and “*policy quote(s) module*”

Liberty construes those claim terms to mean software associated with the functions as named for each “module” in the corresponding claims. Pet. at 12-13 (citing to Ex. 1001, Abstract; spec. 3:24-28, 5:44-49). Progressive

does not challenge Liberty's claim construction with respect to those claim terms. Because Liberty's claim construction is consistent with the specification of the '088 patent, we agree with Liberty's claim construction.

C. "Insurance policy parameter"

Liberty construes the claim term "insurance policy parameter" to mean any information relating to an insurance policy. Pet. at 13 (citing to Ex. 1001, spec. 2:11-17, 3:31-4:42). Progressive does not challenge Liberty's claim construction with respect to that claim term. Because Liberty's claim construction is consistent with the specification of the '088 patent, we agree with Liberty's claim construction.

D. "Real-time"

Liberty construes the claim term "real-time" to mean at the same or substantially the same time. Pet. at 13 (citing Ex. 1001, spec. 1:57-2:5, 2:58-3:23). In response, Progressive contends that Liberty's proposed claim construction is unreasonable because "substantially" is a relative term that does not provide a standard for measuring degree or scope. Prelim. Resp. at 18. Moreover, Progressive argues that Liberty does not identify an explicit or special definition for the claim term "real-time" in the intrinsic record and, therefore, Liberty has not overcome the presumption that the claim term "real-time" takes on its ordinary and customary meaning. *Id.* at 18-19.

Upon reviewing the specification, we do not find an explicit or special definition for the claim term "real-time." Therefore, we resort to its ordinary and customary meaning as would be understood by one with ordinary skill in the art. *See Phillips*, 415 F.3d at 1312. Accordingly, we construe the

claim term “real-time” as “pertaining to a system or mode of operation in which computation is performed during the actual time that an external process occurs, in order that the computation results can be used to control, monitor, or respond in a timely manner to the external process. *Contrast:* batch. *See also:* conversational; interactive; interrupt; on-line.” The IEEE Standard Dictionary of Electrical and Electronics Terms, 6th ed. (1996).

E. “Personal Security Code”

Liberty construes the claim term “personal security code” to mean data personal to a user that provides secure access to information. Pet. at 13 (citing to Ex. 1001, spec. 3:8-11, 5:11-43). In response, Progressive contends that the Liberty’s proposed claim construction is unreasonable to the extent that the code is personal to a user other than the insurance policyholder. Prelim. Resp. at 18. However, we note that Liberty’s proposed claim construction does not include code that is personal to a user other than the insurance policyholder. Because Liberty’s claim construction is consistent with the specification of the ’088 patent, we agree with Liberty’s claim construction.

F. “Adjustment”

Liberty construes the claim term “adjustment” to mean any change, modification, or update. Pet. at 13 (citing to Ex. 1001, spec. 1:60-2:5, 7:60-8:19). Progressive does not challenge Liberty’s claim construction with respect to that claim term. Because Liberty’s claim construction is consistent with the specification of the ’088 patent, we agree with Liberty’s claim construction.

G. “Insurance document”

Liberty construes the claim term “insurance document” to mean any document related to an insurance policy. Pet. at 14 (citing to Ex. 1001, independent claim 1). Progressive does not challenge Liberty’s claim construction with respect to that claim term. Because Liberty’s claim construction is consistent with the specification of the ’088 patent, we agree with Liberty’s claim construction.

IV. ALLEGED GROUNDS OF UNPATENTABILITY BASED IN WHOLE OR IN PART ON NAIC

A. 35 U.S.C. § 103(a) Ground of Unpatentability — Claims 1-8, 12-41, and 44-46 as Unpatentable Over NAIC

1. Principles of Law

A patent claim is unpatentable under 35 U.S.C. § 103(a) if the differences between the claimed subject matter and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including: (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of skill in the art; and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17-18 (1966).

2. *Contentions*

Liberty contends that claims 1-8, 12-41, and 44-46 are unpatentable over NAIC. Pet. at 44-46. In particular, Liberty asserts that the claimed subject matter recited in claims 1-3, 12-32, 34-41, and 44-46 would have been obvious to one of ordinary skill in the art in view of NAIC's express disclosure. *Id.* at 15-44. In addition, Liberty alleges that NAIC teaches the claimed subject matter recited in claim 33. *Id.* at 45. Liberty also asserts that NAIC renders claims 4-8 unpatentable because one of ordinary skill in the art would have found it obvious to send the web browser an acknowledgement before implementing an adjustment to an insurance policy so that the policyholder would have the option of accepting, rejecting, or correcting the insurance policy before its implementation. *Id.* at 45 (emphasis omitted).

In response, Progressive contends that Liberty fails to satisfy its burden of showing that claims 1-3, 12-32, 34-41, and 44-46 would have been unpatentable over NAIC. Prelim. Resp. at 57. Progressive argues that Liberty fails to provide sufficient analysis or explanation regarding why one of ordinary skill in the art would have found the claimed subject matter obvious. *Id.* Progressive also asserts that NAIC fails to disclose “*an insurance policy adjustment module, remote from the web browser coupled to the publicly accessible distributed network, that adjusts the insurance policyholder's insurance policy parameter in real-time in response to second data received from the insurance policyholder through the publicly accessible distributed network and the web browser,*” as recited in

independent claim 1. *Id.* at 34-46 (emphasis added). We do not agree with Progressive's arguments.

3. Analysis

NAIC discloses allowing a prospective consumer to communicate with insurance companies about changes to their respective insurance policies via the Internet. Pet. at 19-20 (citing to Ex. 1007, pgs. 4 and 9). NAIC also discloses that the Internet provides each consumer with instantaneous confirmation that their insurance company has complied with his or her instructions. *Id.* In addition, NAIC discloses that insurance companies may establish websites on the Internet, thereby providing consumers with the ability to conduct instant transactions and communications. Ex. 1007, pg. 8; *see also* pg. 20. The reference in NAIC to instantaneous confirmation of compliance with customer instructions reflects a mode of operation in which action is performed during the actual time that the instructions occur, such that the results are timely with respect to the instructions. Therefore, consistent with our claim construction *supra*, we conclude that one of ordinary skill in the art would have understood that NAIC teaches the claimed "insurance policy adjustment module" feature and corresponding "real-time" adjustment aspect required by independent claim 1. Contrary to Progressive's arguments (Prelim. Resp. at 57), Liberty has met its burden of demonstrating that claims 1-3, 12-32, 34-41, and 44-46 are more likely than not unpatentable over NAIC.

We are not persuaded by Progressive's argument that Liberty fails to provide sufficient analysis or explanation regarding why the claimed subject

matter recited in claims 1-3, 12-32, 34-41, and 44-46 would have been obvious to one with ordinary skill in the art. Prelim. Resp. at 57-58. In the petition, Liberty provides a detailed claim chart that indicates the textual portions of NAIC relied upon to teach the claimed subject matter recited in those claims. Pet. at 15-37.

We are not persuaded by Progressive's argument that Liberty's alleged obviousness challenge over NAIC does not provide any analysis, facts, evidence, or explanation relating to the knowledge of those skilled in the art. Prelim. Resp. at 58. NAIC is a white paper, *i.e.*, an authoritative report or guide, which by itself reflects the appropriate skill level in the insurance-related art (Ex. 1007, pg. 8—Executive Summary). *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001).

For the foregoing reasons, we conclude that Liberty's petition demonstrates that it is more likely than not that claims 1-3, 12-32, 34-41, and 44-46 of the '088 patent would have been unpatentable over NAIC. With respect to claims 4-8 and 33, Progressive relies upon essentially the same arguments presented for claims 1-3, 12-32, 34-41, and 44-46. Prelim. Resp. at 59. The explanations provided by Liberty as to how NAIC teaches the claimed subject matter recited in claims 4-8 and 33 appear to have merit and are otherwise un rebutted. Therefore, we also conclude that Liberty has demonstrated that it is more likely than not that claims 4-8 and 33 of the '088 patent would have been unpatentable over NAIC.

B. 35 U.S.C. § 103(a) Ground of Unpatentability—Claims 4-11, 42, and 43 as Unpatentable Over the Combination of NAIC and Lockwood

1. Contentions

Liberty contends that claims 4-11, 42, and 43 are unpatentable over the combination of NAIC and Lockwood. Pet. at 37-44. In particular, Liberty asserts that the claimed subject matter recited in claims 4-11, 42, and 43 would have been obvious to one of ordinary skill in the art in view of the collective teachings of NAIC and Lockwood. *Id.* at 38-44. In addition, Liberty provides an articulated reason with a rational underpinning to justify the legal conclusion of obviousness. *Id.* at 38.

In response, Progressive contends that Liberty only relies upon Lockwood for the features unique to claims 4-11, 42, and 43, and does not explain how Lockwood overcomes the shortcomings of NAIC for the features recited in independent claim 1. Prelim. Resp. at 56-57. Therefore, Progressive argues that Liberty fails to demonstrate that it is more likely than not the claims 4-11, 42, and 43 are unpatentable over the combination of NAIC and Lockwood for the same reasons discussed with respect to independent claim 1. *Id.* at 57.

2. Analysis

Progressive relies upon essentially the same arguments set forth in response to the alleged anticipation challenge of independent claim 1 based on NAIC to rebut the alleged obviousness challenge of claims 4-11, 42, and 43 based on the combination of NAIC and Lockwood. As set forth in our discussion of the alleged obviousness challenge of independent claim 1

based on NAIC, we found those arguments unpersuasive. In particular, we addressed Progressive’s arguments as to whether NAIC teaches the claimed “insurance policy adjustment module” feature and corresponding “real-time” adjustment aspect required by independent claim 1, and ultimately determined that the textual portions of NAIC relied upon by Liberty—namely Ex. 1007, pgs. 4, 8, 9, and 20—teach that disputed claim limitation. Moreover, the explanations provided by Liberty as to how the combination of NAIC and Lockwood teaches the claimed subject matter recited in claims 4-11, 42, and 43 appear to have merit and are otherwise un rebutted.

For the foregoing reasons, we conclude that Liberty’s petition demonstrates that it is more likely than not that claims 4-11, 42, and 43 of the ’088 patent would have been unpatentable over the combination of NAIC and Lockwood.

C. 35 U.S.C. § 102 Ground of Unpatentability—Claims 1-3, 12-32, 34-41, and 44-46 as Anticipated by NAIC

Liberty contends that claims 1-3, 12-32, 34-41, and 44-46 are anticipated under 35 U.S.C. § 102 by NAIC. Pet. at 14-37. This alleged anticipation challenge is unnecessary because it is cumulative in light of our conclusion that it is more likely than not that the same set of claims are unpatentable over NAIC. See 37 C.F.R. § 42.208(b). Accordingly, we deny Liberty’s petition with respect to claims 1-3, 12-32, 34-41, and 44-46 of the ’088 patent on the ground of anticipation by NAIC.

V. ALLEGED GROUNDS OF UNPATENTABILITY BASED IN WHOLE OR IN PART ON THE COMPUTERGUARD PRESS RELEASE

A. *Principle of Law*

Under section 18(a)(1)(C) of the AIA, a petitioner in a transitional proceeding who challenges the validity of one or more claims in a covered business method patent on grounds of unpatentability raised under §§ 102 and 103 may only support such grounds on the following basis:

- (i) prior art that is described by section 102(a) of such title (as in effect on the day before such effective date); or
- (ii) prior art that—
 - (I) discloses the invention more than 1 year before the date of the application for patent in the United States;
 - (II) would be described by section 102(a) of such title (as in effect on the day before the effective date set forth in section 3(n)(1)) if the disclosure has been made by another before invention thereof by the applicant for patent.

B. *Introduction*

In the petition, three grounds of unpatentability asserted by Liberty are based in whole or in part on the ComputerGuard press release. The ComputerGuard press release introduces a new ComputerGuard system offered by CIGNA© Property & Casualty. Ex. 1004, pg. 1.² The ComputerGuard press release does not expressly describe all of the claim features recited in the '088 patent. Consequently, Liberty relies upon Fenton as extrinsic evidence to establish that certain claim features are inherently

² All references to the page numbers in the ComputerGuard press release refer to the page numbers located in the top, right-hand corner of each page.

disclosed in the ComputerGuard system described in the ComputerGuard press release. Pet. at 46. Fenton is a U.S. patent application (09/329659) that was filed at the Office on June 10, 1999. Ex. 1005. The '088 patent was filed at the Office on July 30, 1999. Ex. 1001. Consequently, Fenton was not published prior to July 30, 1999, and, therefore, does not qualify as prior art under section 18(a)(1)(C) of the AIA. Nonetheless, Liberty relies upon two figures in Fenton that nominally pertain to a ComputerGuard system and the CIGNA© copyright to show what Liberty asserts must be necessarily present in the ComputerGuard press release.

C. Contentions

Liberty contends that Fenton supports grounds of unpatentability under §§ 102 and 103 that are based in whole or in part on the ComputerGuard press release because Fenton is evidence of features necessarily present in the ComputerGuard system described in the ComputerGuard press release. Pet. at 46.

In response, Progressive contends that Liberty bears the burden of proving that Fenton was accessible to the public before July 30, 1999. Prelim. Resp. at 21. Progressive asserts that Fenton was not publically accessible before July 30, 1999, and, therefore, does not qualify as prior art under Section 18(a)(1)(C). *Id.* at 22. Further, Progressive contends that Liberty fails to explain why the features disclosed in Fenton are necessarily present in the ComputerGuard system described in the ComputerGuard press release—a crucial requirement for inherency. *Id.* at 22-27. We are persuaded by Progressive's arguments.

D. Analysis

We begin our analysis by determining whether the ComputerGuard press release qualifies as prior art for purposes of a covered business method patent review. According to section 18(a)(1)(C) of the AIA, a reference qualifies as prior art if it meets the requirements of 35 U.S.C. § 102(a) or it discloses the invention more than one year before the critical date of the covered business method patent in question. In this case, the filing date of the '088 patent is July 30, 1999. Ex. 1001. The publication date on the ComputerGuard press release is April 14, 1999. Ex. 1004, pg. 1. As such, ComputerGuard was publicly accessible more than three months prior to the filing date of the '088 patent—July 30, 1999. Therefore, we conclude that the ComputerGuard press release qualifies as prior art under 35 U.S.C. § 102(a), which in turn qualifies the ComputerGuard press release as prior art under section 18(a)(1)(C) of the AIA.

Although the ComputerGuard press release is the prior art reference underlying the three alleged grounds of unpatentability, Liberty cites primarily to Fenton and not to the ComputerGuard press release to support those grounds of unpatentability. Pet. at 47-79. The ComputerGuard press release does not disclose specific structure or operative steps. According to Liberty, what is not expressly disclosed by the ComputerGuard press release, but necessary present to support the three alleged grounds of unpatentability based in whole or in part on the ComputerGuard press release, is disclosed in Fenton. Pet. at 46-47. Therefore, Liberty relies on Fenton as extrinsic evidence for what is allegedly inherent in the

ComputerGuard press release. *Id.* There are several problems with Liberty's approach.

First, Fenton by itself does not qualify as an applicable prior art reference and, therefore, cannot be applied directly against claims 1-46 of the '088 patent. Second, Fenton's disclosure also cannot be applied indirectly through the ComputerGuard press release that allegedly describes a common system. That is because Liberty relies on the ComputerGuard press release only as a publication describing a system named ComputerGuard. We do not know that an "actual" working system named ComputerGuard was known or used by others in this country prior to the invention in the '088 patent. Therefore, even assuming that Fenton's disclosure is directed to the same ComputerGuard system described in the ComputerGuard press release, on this record, that disclosure was simply not in the public domain in any form, *e.g.*, in print or as embodied in an actual working system, prior to the filing date of the '088 patent—July 30, 1999.

Finally, for reasons discussed below, Liberty has not shown a sufficient tie or link between Fenton and the ComputerGuard press release to support its assertion that Fenton's disclosure is inherently contained in the ComputerGuard system described in the ComputerGuard press release. There is no requirement that one of ordinary skill in the art would have recognized the inherent disclosure *at the time of invention*, but only that the subject matter is in fact inherently disclosed in the prior art reference. *Schering Corp. v. Geneva Pharm. Inc.*, 339 F.3d 1373, 1377 (Fed. Cir. 2003)(emphasis added). However, according to the Federal Circuit:

To establish inherency, the extrinsic evidence must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill. Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient.

In re Robertson, 169 F.3d 743, 745 (Fed. Cir. 1999) (citations and internal quotation marks omitted).

Here, Liberty attempts to establish that Fenton discloses various inherent features of the ComputerGuard system described in the ComputerGuard press release by pointing to specific figures and their corresponding description in Fenton. Pet. at 46 (citing to Ex. 1005, pgs. 6-21,³ Figs. 4-7G). According to Liberty, Figure 6F of Fenton illustrates a webpage printout of a ComputerGuard system, and Figure 6G of Fenton illustrates a webpage that was copyrighted by CIGNA© in 1999. *See id.* Liberty appears to assert that because Figure 6F of Fenton illustrates a ComputerGuard system, and CIGNA© issued the ComputerGuard press release, the ComputerGuard system disclosed in Fenton must be the same as the ComputerGuard system described in the ComputerGuard press release. *See id.* Based on those connections, Liberty relies upon Fenton to disclose the inherent features of the ComputerGuard system described in the ComputerGuard press release. Pet. at 47-73.

³ All references to the page numbers in Fenton refer to the page numbers located in the bottom, middle portion of each page.

The connections alleged by Liberty between the ComputerGuard systems described in both the ComputerGuard press release and Fenton are tenuous at best. For instance, it is mere speculation that the webpage illustrated in Figure 6F is directed to the same system described in the ComputerGuard press release, let alone that it is the same version of the system described in the ComputerGuard press release. Liberty simply has not shown that Figures 6F and 6G of Fenton and their corresponding description indeed discloses the same version of the same system presented in the ComputerGuard press release. *See Robertson*, 169 F.3d at 745. Therefore, we are not persuaded by Liberty's argument that the disclosure in Fenton is inherently contained in the ComputerGuard system described in the ComputerGuard press release.

For the foregoing reasons, we conclude that Liberty's petition has not demonstrated that it is more likely than not that claims 1-46 of the '088 patent would have been unpatentable under 35 U.S.C. §§ 102 or 103(a) based in whole or in part on the ComputerGuard press release.

VI. ORDER

It is **ORDERED** that pursuant to 35 U.S.C. § 324(a) and section 18(a) of the AIA, a covered business method patent review is hereby instituted as to claims 1-46 of the '088 patent for the following grounds of unpatentability:

- A. claims 1-8, 12-41, and 44-46 as unpatentable under 35 U.S.C. § 103(a) over NAIC;

B. claims 4-11, 42, and 43 as unpatentable under 35 U.S.C. § 103(a) over the combination of NAIC and Lockwood.

It is **FURTHER ORDERED** that a covered business method patent review is hereby denied as to claims 1-46 of the '088 patent for the following grounds unpatentability:

A. claims 1-3, 12-32, 34-41, and 44-46 as anticipated 35 U.S.C. § 102 by NAIC;

B. claims 1-15, 18-25, 27-33, and 35-46 as anticipated under 35 U.S.C. § 102 by the ComputerGuard press release;

C. claims 1-46 as unpatentable under U.S.C. § 103(a) over the ComputerGuard press release;

D. claims 25, 26, and 44-46 as unpatentable under 35 U.S.C. § 103(a) over the combination of the ComputerGuard press release and Tawil.

It is **FURTHERED ORDERED** that pursuant to 35 U.S.C. § 324(d) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial. The trial will commence on the entry date of this decision.

It is **FURTHER ORDERED** that an initial conference call with the Board is scheduled for 2 PM EST on March 25, 2013. The parties are directed to the Office Trial Practice Guide, *77 Fed. Reg.* 48756, 48765-66 (Aug. 14, 2012) for guidance in preparing for the initial conference call, and should come prepared to discuss any proposed changes to the Scheduling Order entered herewith and any motions the parties anticipate filing during the trial.

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