

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 CBM2013-00004 (JL)
Patent 8,090,598

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

Chang, *Administrative Patent Judge*

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

I. INTRODUCTION

On October 15, 2012, Liberty Mutual Insurance Company (“Liberty”) filed a petition requesting a review under the transitional program for covered business method patents of U.S. Patent 8,090,598 (“the ’598 patent”). (Paper 4, “Pet.”) The patent owner, Progressive Casualty Insurance Company (“Progressive”), filed a preliminary response on January 22, 2013. (Paper 9, “Prel. Resp.”) We have jurisdiction under 35 U.S.C. §§ 6(b) and 324. *See* section 18(a) of the Leahy-Smith America Invents Act, Pub. L. 112-29, 125 Stat. 284, 329 (2011) (“AIA”).

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

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 the patentability of claims 1-78 of the ’598 patent. Taking into account Progressive’s preliminary response, we determine that the information presented in the petition demonstrates that it is more likely than not that the challenged claims are unpatentable. Pursuant to 35 U.S.C. § 324 and section 18(a) of the AIA, we hereby authorize a covered business method patent review to be instituted as to claims 1-78 of the ’598 patent.

A. Liberty's Standing

Liberty certifies that the '598 patent was asserted against it in Case No. 1:10-cv-01370, *Progressive Cas. Ins. Co. v. Safeco Ins. Co. of Ill. Et al.*, pending in the U.S. District Court for the Northern District of Ohio. (Pet. 7.) Progressive does not dispute that certification.

B. Covered Business Method Patent

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.

The legislative history explains that the definition of a covered business method patent was drafted to encompass patents "claiming activities that are financial or complementary to financial activity." 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer).

Section 18(d)(2) of the AIA provides that "the Director shall issue regulations for determining whether a patent is for a technological invention." The legislative history points out that the regulation for this determination should only exclude "those patents whose novelty turns on a technological innovation over the prior art and are concerned with a technical problem which is solved with a technical solution and which

requires the claims to state the technical features which the inventor desires to protect.” 157 CONG. REC. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).

Pursuant to that statutory mandate, 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. Therefore, when determining whether a patent is for a technological invention in the context of the transitional program for covered business method patents, 37 C.F.R. § 42.301(b) identifies the following for consideration:

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.

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 typically would 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. 48756, 48763-64 (Aug. 14, 2012).

In its petition, Liberty asserts that the '598 patent is a covered business method patent because the claimed invention of the '598 patent relates to the administration and management of an insurance policy to adjust insurance premiums based on monitored vehicle data. (Pet. 6.) Liberty further contends that the claimed invention of the '598 patent is not a “technological invention” as defined in 37 C.F.R. § 42.301(b). (*Id.*) According to Liberty, the claimed subject matter of the '598 patent does not include any “technological feature” that is novel and unobvious because the claimed system merely implement a way of assessing insurance risk. (*Id.*) Liberty also argues that the claimed subject matter as a whole solves the problem of determining a cost of insurance accurately, but not a technical problem. (Pet. 6-7.)

Progressive counters that the claimed invention of the '598 patent is a “technological invention” and, therefore, the '598 patent is ineligible for a covered business method patent review. (Prel. Resp. 8-10.) Specifically, Progressive contends the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art. (*Id.* at 13-16.) Progressive also argues that the claimed subject matter as a whole solves a technical problem using a technical solution. (*Id.* at 16-21.)

To support those contentions, Progressive argues that the claimed invention is similar to the examples provided in the Office Patent Trial Practice Guide (*77 Fed. Reg.* at 48764), which the Office indicates would not be eligible for a covered business method patent review, and is more

technically robust than the claims of U.S. Patent 6,553,350, which the Board has found eligible for a covered business method patent review. (Prel. Resp. 10-13, 19-21.) In that regard, Progressive notes that in the notice of allowance, the Examiner stated that the closest prior art of record did not teach wirelessly receiving selected onboard vehicle data monitored by an in-vehicle data monitoring device. (*Id.* at 14-15, 20.) Progressive points out that the claims “recite significant hardware, such as a vehicle, an in-vehicle data monitoring device, and wireless data transmission, as well as manipulation of real-world vehicle monitoring data that are used in a non-conventional manner.” (*Id.* at 20-21.)

We are not persuaded by Progressive’s arguments. Rather, we determine that Liberty has demonstrated that the ’598 patent is a covered business method patent and the claimed invention is not a “technological invention” within the meaning of 37 C.F.R. § 42.301(b).

The determination of whether a patent is eligible for covered business method patent review is based on what the patent claims. A patent having one claim directed to a covered business method is eligible for review even if the patent includes additional claims.¹

Here, the ’598 patent discloses a system for monitoring, recording, processing, and communicating operational data of a vehicle to determine the cost of insurance. (Ex. 1001, 1:15-22; 4:14-21.)

¹ *Transitional Program for Covered Business Method Patents – Definitions of Covered Business Method Patent and Technological Invention; Final Rule*, 77 *Fed. Reg.* 48734, 48736 (Aug. 14, 2012) (Response to Comment 8).

Claim 32, reproduced below, is illustrative:

A risk management system comprising:

a computer system that serves an interface module that is configured to establish relationships between data that represents a vehicle operating characteristic and a vehicle operator action of one or more users and data that represents levels of risk involved in an operation of one or more vehicles;

a database that stores relationship data representing associations between vehicle data associated with a plurality of vehicles or operators and an operator or insurer monitored vehicle data, where the relationship data quantifies, for one or more vehicles or operators, relationships between relative levels of risk in the operation of the one or more vehicles and the monitored vehicle data; and

an interface module that provides functionality to search the database for a risk assessment of the vehicle data, where the interface module is responsive to a request to quantify driver behavior by processing the monitored vehicle data to render a driver safety score, where the driver safety score establishes a level of risk associated with insuring a selected user or a vehicle.

We observe that Progressive's contentions are not commensurate with the scope of claim 32. Notably, the features that Progressive relies upon in its arguments, namely the wireless communication system, network server, and sensors for monitoring the vehicle operator's driving characteristics, are described in the specification, but are not recited in claim 32. Therefore, Progressive's arguments concerning the examples in the Office Patent Trial Practice Guide, another Board decision on covered business method patent eligibility, and the Examiner's reasons for allowance are without merit.

Indeed, Progressive fails to point out any specific novel and non-obvious technological elements recited in claim 32. As noted in the '598 patent, the data capture process within the vehicle for insurance and claims processing as illustrated in Figure 1 of the '598 patent “can be implemented with conventional computer programming” (Ex. 1001, 9:41-45); “[o]n-line Web sites for marketing and selling goods have become common place” (*id.* at 3:64-67); communications connections may be made wirelessly with the wireless technology that was known in the art at the time of the invention, such as Bluetooth® (*id.* at 7:40-42); and many types of vehicle operating data recording systems that were known at the time of the invention have been suggested for purposes of obtaining an accurate record of certain elements of vehicle operation (*id.* at 3:18-20). The mere recitation of known technologies — namely a user interface, a searchable database, and a computer — does not render the subject matter recited in claim 32 a technological invention. All of the technical elements as claimed are known and operated in their ordinary and predictable manner. Hence, the subject matter as a whole of claim 32 does not recite a novel and unobvious technological feature.

We are also not persuaded by Progressive’s argument that the claimed subject matter as a whole solves a technical problem using a technical solution. The '598 patent expressly states that the motor vehicle control and operating systems that were known in the art at the time of the invention could readily be modified to obtain the desired types of information relevant

to determine the cost of insurance. (*Id.* at 3:50-53.) Determining a cost of vehicle insurance is a financial problem rather than a technical problem.

Accordingly, the '598 patent is a covered business method patent as defined in section 18(d) of the AIA and 37 C.F.R. § 42.301.

C. Prior Art Relied Upon

Liberty relies upon the following prior art references:

Burge	U.S. Patent Application Publication No. 2002/0111725	Aug. 15, 2002	Ex. 1003
Nakagawa	U.S. Patent Application Publication No. 2002/0128882	Sept. 12, 2002	Ex. 1004
Herrod	GB-2 286 369 A	Aug. 16, 1995	Ex. 1005
Dorweiler	“Notes on Exposure and Premium Bases”	May 9, 1930	Ex. 1006

D. Alleged Grounds of Unpatentability

Liberty seeks review of claims 1-78 based on the following grounds:

- A. Claims 1-78 under 35 U.S.C. § 102 as being anticipated by Burge;
- B. Claims 1-78 under 35 U.S.C. § 102 as being anticipated by Nakagawa;
- C. Claims 16-17 and 63-64 under 35 U.S.C. § 103(a) as being unpatentable over Burge in view of Herrod;
- D. Claim 47 under 35 U.S.C. § 103(a) as being unpatentable over Nakagawa in view of Herrod;
- E. Claims 5, 6, 12, 13, 21, 22, 25, 26, 52, 53, 59, 60, 68, 69, 72, 73, and 78 under 35 U.S.C. § 103(a) as being unpatentable over Burge in view of Dorweiler; and

F. Claims 5, 6, 12, 13, 21, 22, 25, 26, 52, 53, 59, 60, 68, 69, 72, 73, and 78 under 35 U.S.C. § 103(a) as being unpatentable over Nakagawa in view of Dorweiler.

E. The '598 Patent

The '598 patent relates to a system for monitoring and communicating operational characteristics and operator actions (*e.g.*, speeds driven) relating to a unit of risk (*e.g.*, a motor vehicle) to determine the insurance cost for the unit of risk. (Ex. 1001, 1:20-35.) Figure 5 of the '598 patent, reproduced below, depicts an embodiment of the claimed invention of the '598 patent:

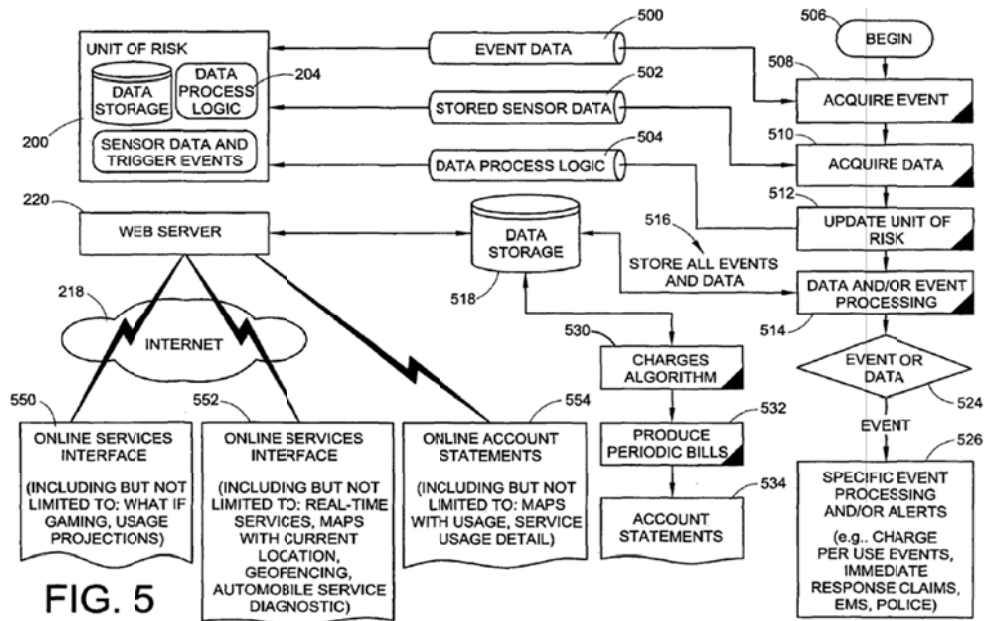


Figure 5 of the '598 patent shows a unit of risk 200 having data storage, data process logic, and an on-board device that monitors and records sensor data and trigger events. (Ex. 1001, 7:27-32; 12:31-36.) All relevant data is stored in a data storage device 518. (Ex. 1001, 12:61-62.) The

billing or estimating algorithm 530 accesses the data or events to generate a cost of insurance for the unit of risk. (Ex. 1001, 13:5-8.) As shown in Figure 5, the insurer's system also provides a Web server 220 to allow a customer to access via Internet 218 communication the relevant sensor data, and event data associated with the customer. (Ex. 1001, 13:24-29.) In particular, the insurer's system provides a prospective on-line interface 550 and an interface 552 for reporting acquired data. (Ex. 1001, 13:30-32.)

F. Representative Claim

Of the challenged claims, claims 1, 31, 32, 33, 48 and 78 are independent claims. Claims 2-30 depend from claim 1, claims 34-47 depend from claim 33, and claims 49-77 depend from claim 48.

Claim 1 is illustrative:

A risk management system comprising:

[1] *a server receiver configured to wirelessly receive selected onboard vehicle data monitored by an in-vehicle data monitoring device within a vehicle;*

[2] *a network server system coupled to the server receiver that provides an interface having functionality configured to establish relationships between the selected onboard vehicle data and levels of risk in a usage based insurance system;*

[3] *a database that stores relationship data indicating the relationships established between the selected onboard vehicle data relating to one or more users and an insured's monitored vehicle data, where the relationship data identifies, for an insured or other selected users, relationships between relative levels of risk and the selected onboard vehicle data; and*

[4] *an interface module configured to search the database for a risk assessment of vehicle data, where the interface module is*

responsive to a request from a database user by using the relationship data and the selected onboard vehicle data to identify the level of risk;

[5] where the interface module is further configured to be responsive to a request to quantify driver behavior by processing the selected onboard vehicle data to render a driver safety score, where the driver safety score is characterized as a level of risk associated with insuring a selected operator or a vehicle.

(Bracketed matter and emphasis added.)

II. FINDINGS OF FACTS

The findings of fact in this decision including those in the analysis are supported by a preponderance of the evidence.

A. Burge

Burge relates to systems that use operating data from vehicle sensors to determine the cost of automobile insurance. (Ex. 1003, ¶ 2.)

Figure 1 of Burge reproduced below:

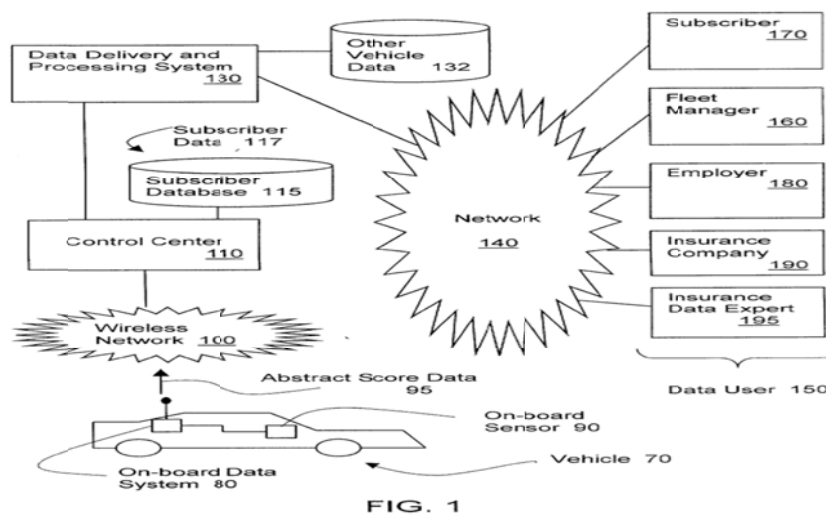


Figure 1 of Burge depicts an overall system of Burge.

On-board sensors 90 shown within a vehicle 70 generate on-board vehicle data that represents operating characteristics of the vehicle such as speeds, vehicle locations, and usage. (Ex. 1003, ¶ 112.) The on-board vehicle data is processed by the on-board data system 80 into abstract score data 95. (*Id.* at ¶ 113.) The on-board data system 80 could be any type of wireless communication system connected to a wireless network 100 that is capable of transmitting data. (*Id.* at ¶ 114.)

The abstract score data 95 may be wirelessly transmitted through a wireless network 100 and is received by a control center 110. (*Id.* at ¶ 115.) The control center 110 includes a subscriber database 115, which contains subscriber data including information about the individuals and vehicles being provided services. (*Id.*)

The control center 110 is connected to the data delivery and processing system 130 (“Data D&PS”), which enables vehicle owners to use the data to analyze their risk or to provide information to insurance companies that may enable more accurate insurance rates. (*Id.* at ¶ 144.) Data D&PS 130 performs functions such as analyzing and scoring abstract score data 95 to determine the safety risk of a subscriber or vehicle, and providing a mechanism for subscribers to obtain automobile insurance quotes from insurance companies. (*Id.* at ¶ 146.)

B. Nakagawa

Nakagawa discloses a system that comprises mechanisms for detecting the usage of vehicles, storing data related to vehicles, and calculating vehicle insurance premiums based on detection results and inputted data. (Ex. 1004, Abs.)

Figure 2 of Nakagawa is reproduced below:

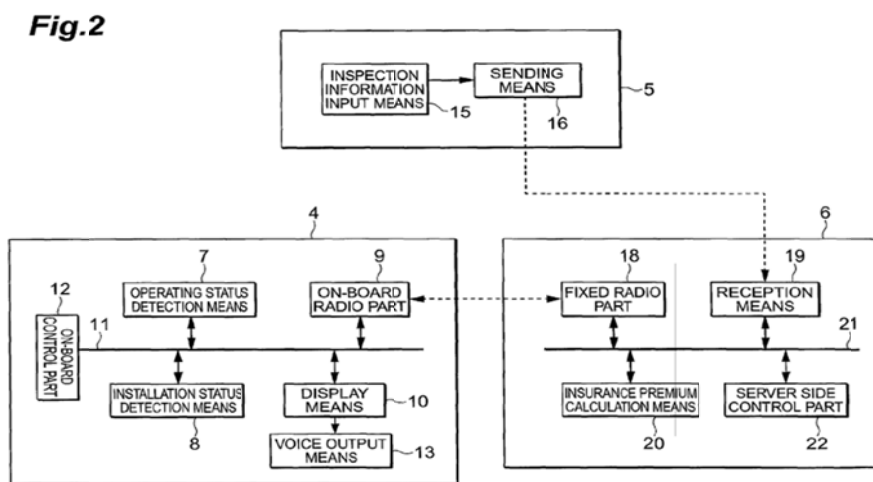


Figure 2 of Nakagawa depicts an embodiment of Nakagawa.

The car insurance premium calculation system shown in Figure 2 comprises an on-board apparatus 4, a maintenance data management means 5, and server apparatus 6. (*Id.* at ¶ 52.) The on-board apparatus 4 comprises an operation status detection means 7 and an on-board radio part 9 that sends and receives data. (*Id.*) The server apparatus 6 calculates insurance premiums based on data received from the on-board apparatus 4 and the maintenance data management means 5. (*Id.* at ¶ 61.) The display means 10 displays premium discounts, operating levels, and safety levels. (*Id.* at ¶¶ 74-76.)

III. ANALYSIS

A. *Claim Construction*

In a covered business method patent review, a claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears. 37 C.F.R. § 42.300(b). Under the broadest reasonable construction standard, claims are to be given their broadest reasonable interpretation consistent with the specification, and the claim language should be read in light of the specification as it would be interpreted by one of ordinary skill in the art. *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004). This means that the words of the claim will be given their plain meaning unless the plain meaning is inconsistent with the specification. *In re Zletz*, 893 F.2d 319, 321 (Fed. Cir. 1989). In some cases, the ordinary meaning of claim language as understood by a person of 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 widely accepted meaning of commonly understood words. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1314 (Fed. Cir. 2005) (en banc).

Liberty identifies several claim terms and its interpretation for those terms. (Pet. 20-22.) As a 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.

1. “*Rating Factor*” (Claim 40)

Liberty states that under the rule of broadest reasonable interpretation in light of the specification, “rating factor” means “a calculated insurance

risk value such as a safety score or a usage discount.” (Pet. 21.) In support of that assertion, Liberty points to portions of the ’598 patent. (Pet. 21, citing Ex. 1001, 22:18-22 and 23:10-13.) Progressive presents no opposition to that interpretation.

We determine that Liberty’s interpretation is consistent with the specification of the ’598 patent. On this record, we agree with that interpretation, but add the clarification that an insurance risk value would be a value that reflects an associated level of insurance risk and, therefore, also a corresponding insurance premium.

2. “*Driver Safety Score*” (Claims 1-32 and 48-78)

Liberty construes “driver safety score” to mean “a *calculated* insurance risk value associated with driver safety.” (Pet. 21.) In support of that assertion, Liberty points to portions of the specification of the ’598 patent. (*Id.*, citing Ex. 1001, 22:18-22, 22:52-55, and 23:1-3.) While Progressive agrees that the term refers to insurance risk value associated with driver safety, Progressive argues that adding the word “calculated” to the construction is improper because such a construction would be inconsistent with the language of the claims. (Prel. Resp. 29-30.) According to Progressive, “the claims themselves describe how these values are generated: vehicle data is *processed* to render the driver safety score or data.” (*Id.*) We do not agree with Progressive.

The phrase “*processing* the selected onboard vehicle data,” as recited in claim 1, does not describe specifically how a driver safety score is generated. Even assuming that the phrase describes how a driver safety

score is generated, we do not see how the adjective “calculated” would be inconsistent with the term “processing.” Progressive has not explained sufficiently how a *calculated* insurance risk value would be inconsistent with the claim language.

The '598 specification is reasonably clear that the driver safety score is a calculated value. Notably, Figure 9 of the '598 patent, reproduced below, illustrates a display screen summarizing the data regarding operational aspects of a vehicle with information related to a cost of insurance (oval added for emphasis). (Ex. 1001, 5:38-40.)

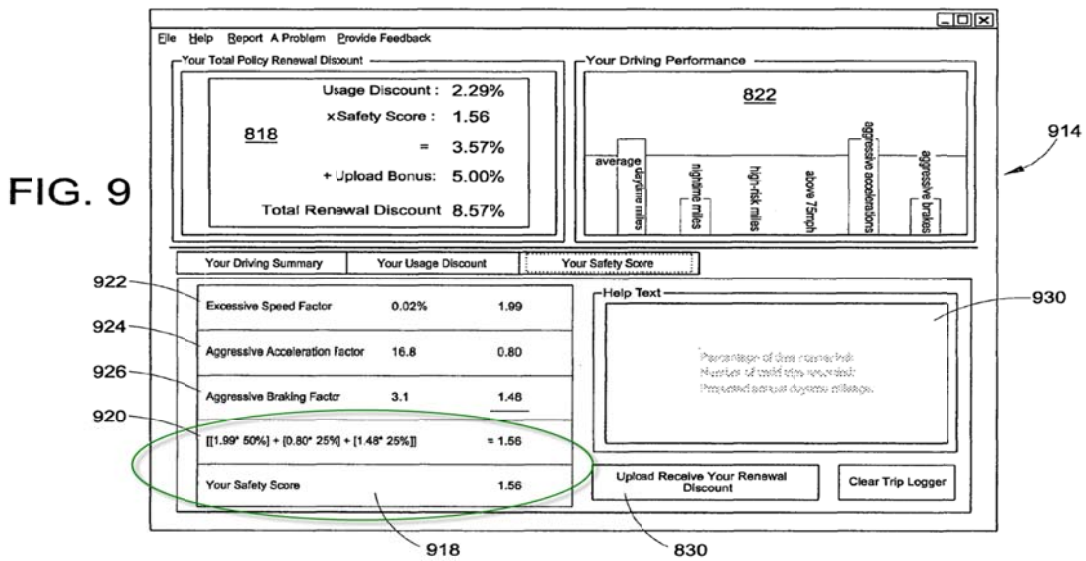


Figure 9 depicts a safety score explanation section (918) which indicates the safety score *is a weighted function* (920) (“[[1.99 * 50%] + [0.80 * 25%] + [1.48 * 25%]] = 1.56 (safety score)”) of an excessive speed factor (922), an aggressive acceleration factor (924) and an excessive braking factor (926). (Ex. 1001, 22:48-49, 22:52-55, and 23:1-3.)

On this record, we adopt Liberty's construction by interpreting the term "driver safety score" as "a *calculated* insurance risk value associated with driver safety" because it is consistent with the specification of the '598 patent.

3. "*Driver Safety Data*" (Claims 33-47)

Liberty construes "driver safety *data*" to have the same meaning as "driver safety *score*," namely "a *calculated* insurance risk value associated with driver safety." (Pet. 21.) Progressive counters that the terms "driver safety *score*" and "driver safety *data*" are not identical; rather "driver safety *data*" can constitute data other than a "driver safety *score*," directing attention claim 34. (Prel. Resp. 30.) We agree with Progressive.

Claim 34 that depends from claim 33 recites "where the *driver safety data* comprises a *driver safety score*." It is clear from that claim language that "driver safety *data*" has a broader scope than "driver safety *score*."

Based on this record, we broadly, but reasonably construe "driver safety *data*" to encompass "driver safety *score*" and other data associated with driver safety.

4. "*Insurance Rating*" (Claims 4-6, 11-13, 20-22, 25, 26, 48, 51-53, 58-60, 67-69, 72, 73, and 78)

As to this term, Liberty asserts that it adopts the broadest reasonable construction applied by the Examiner during reexamination of U.S. Patent 6,064,970, for which a benefit is sought by the '598 patent. (Pet. 22, citing Ex. 1022, 3/7/11 OA at 46-47; Ex. 1001, 1:50-53; 2:49-50; 22:24-28.) Liberty interprets "insurance rating" to mean "a/some value/cost used to

determine an overall cost associated with insurance of the vehicle.” (*Id.*) Progressive presents no opposition to that interpretation. We agree with Liberty’s construction as it is consistent with the specification of the ’598 patent.

B. Alleged Grounds of Unpatentability

Liberty alleges that claims 1-78 of the ’598 patent are anticipated by Burge and, alternatively, anticipated by Nakagawa. (Pet. 29-77.) Liberty also asserts that claims 16, 17, 63, and 64 are unpatentable over Burge in view of Herrod, and claim 47 is unpatentable over Nakagawa in view of Herrod. (Pet. 56-57, 76.) We have reviewed all of Liberty’s assertions of unpatentability based on the cited prior art references on record. The explanations provided by Liberty as to how each element of the claims is met by the cited prior art references appear to have merit and are unrebutted.

In its preliminary response, Progressive asserts that in a covered business method patent proceeding, Burge and Nakagawa do not qualify as prior art against the claims of the ’598 patent, which have an effective filing date before the publication dates of Burge (August 15, 2002) and Nakagawa (September 12, 2002).² (Prel. Resp. 21-22.) In support of that assertion, Progressive argues that the claims of the ’598 patent are entitled to the

² 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. . . .

benefit of the filing date (May 15, 2000) of U.S. Patent Application No. 09/571, 650 (“the ’650 application”) (Ex. 2009). (*Id.*)

We disagree with Progressive. Because Progressive fails to establish that the ’650 application sufficiently discloses all of the individual claim elements and the particular combinations of elements recited in claims 1-78 of the ’598 patent, we conclude that the ’650 application does not provide adequate written description for claims 1-78. Therefore, those claims are not entitled to the benefit the ’650 application’s filing date. As a consequence, Burge and Nakagawa are available as prior art in this proceeding and Liberty may rely upon them to demonstrate that claims 1-78 are unpatentable under 35 U.S.C. § 102 or 103.

Under 35 U.S.C. § 120, a patent claim is entitled to the benefit of the filing date of an earlier filed application only if the disclosure of the earlier filed application provides support for the patent claim as required by 35 U.S.C. § 112. *In re Chu*, 66 F.3d 292, 297 (Fed. Cir. 1995). In claiming priority under 35 U.S.C. § 120, a description which renders obvious the claimed invention for which an earlier filing date is sought is not sufficient. *Lockwood v. American Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed. Cir. 1997). The question is not whether one skilled in the art might have been able to produce the claimed invention by building upon the teachings of the earlier application. *Goeddel v. Sugano*, 617 F.3d 1350, 1356 (Fed. Cir. 2010) (That the claimed invention could have been “envisioned” does not establish adequate written description.). Rather, the test for determining compliance with the written description requirement under 35 U.S.C. § 112, ¶ 1

(recodified as § 112(a)), is whether the disclosure of the earlier filed application reasonably conveys to those skilled in the art that the inventor had possession at that time of the claimed subject matter. *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc); *In re Kaslow*, 707 F.2d 1366, 1375 (Fed. Cir. 1983).

The '598 patent indicates that it is a continuation-in-part of the '650 application. (Ex. 1001, p. 1.) Progressive presents a claim chart and Appendix A purportedly identifying the portions of the '650 application that provide written description support for the claimed subject matter of the '598 patent. (Prel. Resp. 35-42, 44-79.)

Of the challenged claims, claims 1, 31, 32, 33, 48 and 78 are independent claims. Claims 2-30 depend from claim 1, claims 34-47 depend from claim 33, and claims 49-77 depend from claim 48.

Claim 1 is illustrative:

A risk management system comprising:

[1] a server receiver configured to wirelessly receive ***selected onboard vehicle data*** monitored by an in-vehicle data monitoring device within a vehicle;

[2] a network server system coupled to the ***server receiver*** that provides an ***interface*** having functionality configured to establish relationships between the selected onboard vehicle data and levels of risk in a usage based insurance system;

[3] a ***database*** that stores relationship data indicating the relationships established between the selected onboard vehicle data relating to one or more users and an insured's monitored vehicle data, where the relationship data identifies, for an insured or other selected users, relationships between relative levels of risk and the selected onboard vehicle data; and

[4] an *interface module* configured to search the database for a risk assessment of vehicle data, where the interface module is responsive to a request from a database user by using the relationship data and the selected onboard vehicle data to identify the level of risk;

[5] where the interface module is further configured to be responsive to a request to quantify driver behavior by processing the selected onboard vehicle data to render *a driver safety score*, where the driver safety score is characterized as a level of risk associated with insuring a selected operator or a vehicle.

(Bracketed matter and emphasis added.)

1. Whether there is support for the “selected onboard vehicle data” limitation

Claim 1 requires “a server receiver configured to wirelessly receive selected onboard vehicle data monitored by an in-vehicle data monitoring device within a vehicle” (hereafter the “selected onboard vehicle data” limitation). Directing attention to two portions of the ’650 application, Progressive asserts that the ’650 application discloses the claimed subject matter of that limitation. (Prel. Resp. 36, citing to Ex. 2009, 12:9-12; 6:28-7:7.)

We disagree with Progressive. Rather, we find that those disclosures of the ’650 application fail to provide adequate written description for the claimed subject matter.

The first cited portion of the ’650 application (Ex. 2009, 12:9-12) relied upon by Progressive, merely explains that the vehicle is linked to an operation control center by a communication link. However, that cited portion does not specify the type of data being communicated. The operator

uses the communication link merely for emergency calls or insurance premium statements. Therefore, the communication link is not necessarily used for transmitting “selected onboard vehicle data monitored by an in-vehicle data monitoring device” to a server receiver.

We recognize that the second cited portion of the ’650 application (Ex. 2009, 6:28-7:7) relied upon by Progressive describes selecting certain raw data elements representative of an operating state of a vehicle or an action of the operator. Nevertheless, the second cited portion of the ’650 application fails to specify that the selected data elements are data monitored by an *in-vehicle data monitoring device within* a vehicle as required by claim 1.

While we agree that the ’650 application discloses a wirelessly communication link, neither cited portion (Ex. 2009, 12:9-12 or 6:28-7:7) describes “a server receiver,” “an in-vehicle data monitoring device,” and the type of data being communicated through the wireless communication link. The two portions of the ’650 application together also do not describe communicating “selected onboard vehicle data monitored by an in-vehicle data monitoring device within a vehicle” to the server receiver using the wireless communication link. Progressive does not provide a sufficient explanation as to how the two cited portions collectively would provide such functionality.

In sum, Progressive fails to establish that the ’650 application adequately describes all of the elements and the combination of elements as required by the “selected onboard vehicle data” limitation. Accordingly, we

conclude that the '650 application does not provide sufficient written description for the "selected onboard vehicle data" limitation which is recited in independent claims 1, 31, 33, and 78, and dependent claims 76-77, of the '598 patent.

2. Whether there is support for the "server receiver interface" limitation

Claim 1 requires "a network server system coupled to the server receiver that provides an interface having functionality configured to establish relationships between the selected onboard vehicle data [monitored by an in-vehicle data monitoring device within a vehicle] and levels of risk in a usage based insurance system" (hereafter the "server receiver interface" limitation). Relying upon Figure 2 and two portions of the '650 application, Progressive contends that the '650 application describes a network server system that performs the claimed processing. (Prel. Resp. 37, citing Ex. 2009, Fig. 2; 18:17-26; 6:28-31.)

However, even assuming that Figure 2 of '650 application illustrates a network server system and a server receiver, those portions of the '650 application (Ex. 2009, Fig. 2;18:17-26; 6:28-31) cited by Progressive do not describe an interface that has the "functionality configured to establish *relationships* between the selected *onboard* vehicle data [monitored by an *in-vehicle data monitoring device* within a vehicle] and *levels of risk* in a usage insurance system" as required by claim 1. Contrary to Progressive's assertion that the second cited portion (Ex. 2009, 6:28-31) of the '650 application describes such functionality, the mere statement that "the cost is adjustable by relating the *driving characteristics* to *predetermined safety*

standards” does not necessarily describe such functionality of a server receiver interface. Notably, that cited portion does not specify that the driving characteristics are selected *onboard* vehicle data monitored by an *in-vehicle data monitoring device* within a vehicle.

The second cited portion of ’650 application also lacks sufficient specificity as to establishing relationships between the selected onboard vehicle data and *levels of risk* in a usage based insurance system. Progressive’s contention fails to appreciate that *predetermined safety standards* are not the same as *levels of risk*. As described in the ’598 patent, a *level of risk* is assigned based at least in part on the indicated level of willingness of the driver to allow at least one aspect to be recorded. (Ex. 1001, 14:13-20; Figure 7, 726.) No such description regarding *levels of risk* is provided in the ’650 application and Progressive did not point to any.

On this record, Progressive fails to demonstrate that the ’650 application adequately describes all of the elements and the combination of elements as required in the “server receiver interface” limitation. Accordingly, we conclude that the ’650 application does not provide sufficient written description for the “server receiver interface” limitation which is recited in all of the independent claims, namely claims 1, 31, 32, 33, 48, and 78, of the ’598 patent.

3. Whether there is support for the “database” limitation

Claim 1 also requires “a database that stores *relationship data* indicating the relationships established between the selected onboard vehicle data relating to one or more users and an insured’s monitored vehicle data,

where the relationship data identifies, for an insured or other selected users, relationships between relative levels of risk and the selected onboard vehicle data” (hereafter the “database” limitation).

Progressive asserts that Figure 5 and two portions of '650 application describe that claimed subject matter. (Prel. Resp. 38-39, citing to Ex. 2009, Fig. 5; 19:21-24; 6:28-31). According to Progressive, Figure 5 depicts the claimed database and the cited portions of the '650 application describe the database (518) storing the relationship data. (Prel. Resp. 38.) Specifically, Progressive alleges that the second cited portion of the '650 application (Ex. 2009, 6:28-31) describes the relationship data that is indicative of the relationships established by the network server system. (*Id.*)

We are not persuaded by Progressive’s arguments. Figure 5 and the cited portions of '650 application relied upon by Progressive merely show a database for storing events and sensor data. Such a database, however, is not the same as a database that stores “relationship data indicating the relationships established between the selected *onboard vehicle data* relating to one or more users and an insured’s monitored vehicle data, where the relationship data identifies, for an insured or other selected users, relationships between relative *levels of risk* and the selected *onboard vehicle data*” as required by claim 1. Indeed, the first cited portion (Ex. 2009, 19:21-24) of the '650 application does not describe any relationship data.

With respect to the second cited portion (Ex. 2009, 6:28-31) of the '650 application, the mere statement that “the cost is adjustable by relating the driving characteristics to predetermined safety adjustable” is inadequate

to provide written description support for such relationship data. As discussed *supra*, that cited portion does not describe “onboard vehicle data” and lacks sufficient specificity as to establishing relationships between the selected *onboard* vehicle data and *levels of risk*. Again, Progressive’s contention fails to appreciate that *predetermined safety standards* are not the same as *levels of risk*.

On this record, Progressive fails to establish that the ’650 application adequately describes all of the elements and the combination of elements as required by the “database” limitation. Accordingly, we conclude that the ’650 application does not provide sufficient written description for the “database” limitation which is recited in all of the independent claims, namely claims 1, 31, 32, 33, 48, and 78, of the ’598 patent.

4. Whether there is support for the “interface module” limitation

Claim 1 requires “an interface module configured to search the database for a risk assessment of vehicle data, where the interface module is responsive to a request from a database user by using the relationship data and the selected onboard vehicle data to identify the level of risk” (hereafter the “interface module” limitation). Directing attention to Figure 5 and three portions of the ’650 application, Progressive asserts that the ’650 application describes an interface module as claimed. (Prel. Resp. 39-40, citing to Ex. 2009, 20:7-23; 6:28-31; 19:30-20:1).

We do not agree. While the ’650 application describes online interfaces and a database, those ’650 interfaces lack the claimed functionality, such as “using the *relationship data* and the selected *onboard*

vehicle data to identify the level of risk.” For instance, the prospective interface described by the first cited portion of the ’650 application (Ex. 2009, 20:7-23) merely estimates certain usages of a unit of risk and the cost for insuring such a unit. Also, other cited portions (Ex. 2009, 6:28-31; 19:30-20:1) merely describe estimating a cost for insuring a unit of risk.

Progressive’s contention fails to appreciate that estimating *a cost for insuring* a unit of risk is not the same as identifying *a level of risk*. As indicated in the ’598 specification, a *level of risk* is assigned based at least in part on the indicated level of willingness of the operator to allow the at least one aspect to be recorded; in contrast, the *cost for the insurance* is set based on the assigned level of risk. (Ex. 1001, 14:13-20; Figure 7, items 726 & 734.)

Progressive thus fails to demonstrate that the ’650 application adequately describes all of the elements and the combination of elements as required in the “interface module” limitation. Accordingly, we conclude that the ’650 application does not provide sufficient written description for the “interface module” limitation which is recited in all of the independent claims, namely claims 1, 31, 32, 33, 48, and 78, of the ’598 patent.

5. Whether there is support for the “driver safety score” limitation

Claim 1 requires “where the interface module is further configured to be responsive to a request to quantify driver behavior by processing the selected onboard vehicle data to render a driver safety score, where the driver safety score is characterized as a level of risk associated with insuring

a selected operator or a vehicle” (hereafter the “driver safety score” limitation).

Progressive asserts that “the ’650 application describes quantifying driver behavior by processing the selected vehicle data to render a driver safety score (*i.e.*, a calculated insurance risk value associated with driver safety) in multiple contexts.” (Prel. Resp. 40.) In particular, Progressive contends that rendering a driver safety score is described in the context of: (1) interaction of the insured with the web server (220) (citing to Ex. 2009, 20:7-23, Figure 5); (2) the insurance cost adjustment (citing to Ex. 2009, 6:28-7:7); and (3) a classification rating of an operator or unit (citing to Ex. 2009, 6:15-18). (Prel. Resp. 40-41.)

We do not agree that the ’650 application provides adequate written description for the “driver safety score” limitation. The ’650 application merely describes a Web-based system that estimates the cost of insuring a unit of risk. Those cited portions of the ’650 application do not describe an interface module “configured to be responsive to a request to *quantify driver behavior* by processing the selected *onboard vehicle data* to render a *driver safety score*, where the driver safety score is characterized as *a level of risk* associated with insuring a selected operator or a vehicle.”

Progressive fails to explain how estimating the cost of insuring a unit of risk equates to rendering a driver safety score. As discussed previously, the ’598 specification indicates that a *level of risk* is assigned based at least in part on the indicated level of willingness of the operator to allow the at least one aspect to be recorded; in contrast, the *cost for insuring a unit* is set

based on the assigned level of risk. (Ex. 1001, 14:13-20; Figure 7, items 726 & 734.) The '598 specification also discloses that a *driver safety score* is calculated from a function of an excessive speed factor, an aggressive acceleration factor, and an excessive braking factor. (Ex. 1001, 22:20-22, 52-55; 23:1-3; Fig. 9.) Therefore, estimating a cost for insuring a vehicle is not the same as calculating a driver safety score.

Further, Progressive fails to explain sufficiently how providing a *classification rating* of a unit in an actuarial class (Ex. 2009, 6:15-18) equates to calculating a *driver safety score*. Nothing in the '650 application describes how a classification rating is calculated. Moreover, the '650 application fails to describe that a classification rating is rendered in response “to a request to *quantify driver behavior*,” and by “processing the selected *onboard* vehicle data.”

On this record, Progressive fails to demonstrate that the '650 application adequately describes all of the elements and the combination of elements as required in the “driver safety score” limitation. Accordingly, we conclude that the '650 application does not provide sufficient written description for the “driver safety score” limitation which is recited in all of the independent claims, namely claims 1, 31, 32, 33, 48, and 78, of the '598 patent.

6. Conclusion

For the foregoing reasons, Progressive has not established that any of the challenged claims are entitled to a priority date prior to the publication date of Burge and Nakagawa. We conclude that Liberty has demonstrated

that: (1) it is more likely than not that claims 1-78 of the '598 patent are unpatentable under 35 U.S.C. § 102 as being anticipated by Burge and, alternatively, as being anticipated by Nakagawa; and (2) it is more likely than not that claims 16-17 and 63-64 are unpatentable under 35 U.S.C. § 103 as obvious over Burger in view of Herrod, and claim 47 is unpatentable under 35 U.S.C. § 103 as obvious over Nakagaw in view of Herrod.

We grant the petition as to those grounds that are authorized below, but we exercise our discretion to deny all other grounds as redundant. *See also* 37 C.F.R. § 42.208. Progressive may file a response with supporting evidence to those grounds that are authorized, but such a patent owner response must be filed within three months from the date of institution (the entry date of this decision). 35 U.S.C. § 326(a)(8); 37 C.F.R. § 42.220. Progressive is not required to address the denied grounds.

IV. ORDER

For the forgoing reasons, it is

ORDERED that pursuant to 35 U.S.C. § 324 and section 18(a) of the AIA, a covered business method patent review is hereby instituted as to claims 1-78 of the '598 patent for the following grounds:

- A. Claims 1-78 under 35 U.S.C. § 102 as being anticipated by Burge;
- B. Claims 1-78 under 35 U.S.C. § 102 as being anticipated by Nakagawa;
- C. Claims 16-17 and 63-64 under 35 U.S.C. § 103(a) as being unpatentable over Burge in view of Herrod; and

D. Claim 47 under 35 U.S.C. § 103(a) as being unpatentable over Nakagawa in view of Herrod;

FURTHER ORDERED that no other ground is authorized for the covered business method patent review;

FURTHER 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 is commencing on the entry date of this decision; and

FURTHER ORDERED that an initial conference call with the Board is scheduled for 1:00 PM Eastern Time on April 2, 2013; the parties are directed to the Office Trial Practice Guide, *77 Fed. Reg.* at 48765-66, 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.

Case CBM2013-00004
Patent 8,090,598

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