

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 CBM2013-00003 (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 does not demonstrate that it is more likely than not that claims 1-78 are unpatentable. Pursuant to 35 U.S.C. § 324 and section 18(a) of the AIA, we do not authorize a covered business method patent review to be instituted as to claims 1-78 of the ’598 patent for the grounds of unpatentability asserted in Liberty’s petition.

Accordingly, the petition is DENIED.

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. 8.) 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). (Pet. 7.) 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. (*Id.*)

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. 32-34.) 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 34-37.) Progressive also argues that the claimed subject matter as a whole solves a technical problem using a technical solution. (*Id.* at 37-42.)

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. 32-37, 40-42.) 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 35-36.) 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 41.)

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:

Kosaka	JP H4-182868	June 30, 1992	Ex. 1003
RDSS	Geostar, Understanding Radio Determination Satellite Service	May 1989	Ex. 1004
Herrod	GB 2 286 369 A	Aug. 16, 1995	Ex. 1006
Dorweiler	"Notes on Exposure and Premium Bases" by Paul Dorweiler	May 9, 1930	Ex. 1007

D. Alleged Grounds of Unpatentability

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

- A. Claims 1-8, 25-55, and 72-78 under 35 U.S.C. § 103 as being unpatentable over Kosaka and RDSS;
- B. Claims 9-26 and 56-72 under 35 U.S.C. § 103 as being unpatentable over Kosaka, RDSS, and Herrod; and
- C. 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 Kosaka, RDSS, and 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:

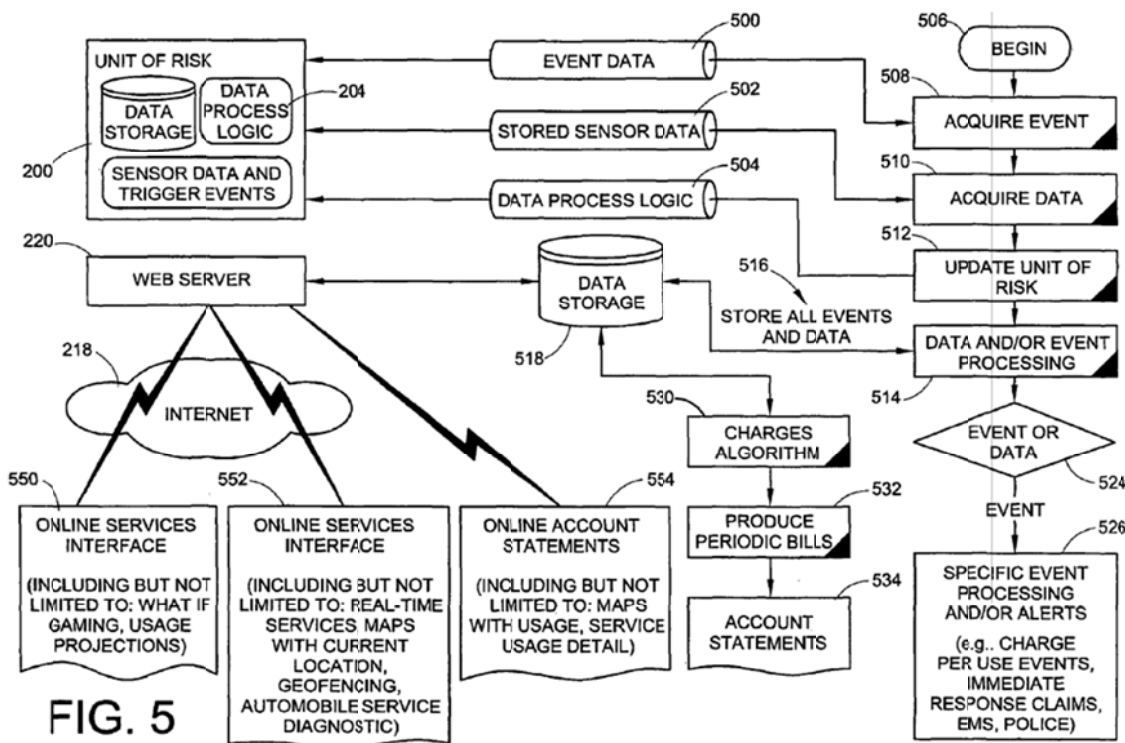


Figure 5 of the '598 patent shows a unit of risk 200 having data storage, data process logic, and an on-board device that monitors and records sensor data and trigger events. (Ex. 1001, 7:27-32; 12:31-36.) All relevant data is stored in a data storage device 518. (Ex. 1001, 12:61-62.) The billing or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

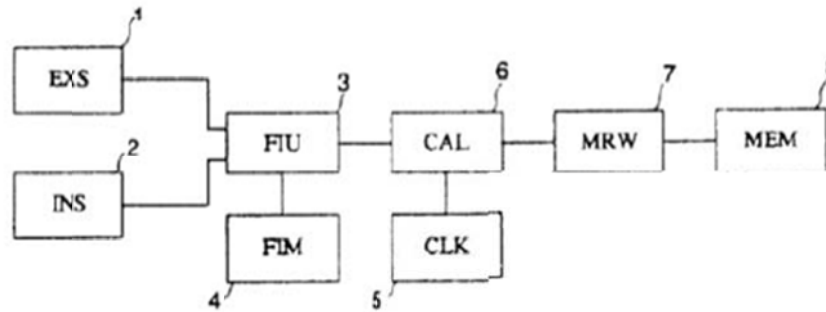
The findings of fact in this decision including those in the analysis are supported by a preponderance of the evidence.

A. *Kosaka*

Kosaka's invention is related to an insurance premium determination system that increases or decreases insurance premiums by continually determining insurance premium changes through the detection of states that lead to risk in the insurance customer. (Ex. 1003, p. 2, col. 1:54-col. 2:3; col. 2:43-52.²) Kosaka's insurance premium determination device employs a risk evaluation device for evaluating risk in the vehicle and driver. (*Id.*) Kosaka's insurance premium determination system "allows risk evaluations that change from hour to hour during travel to be reflected in the insurance

² As Kosaka is a Japanese Unpublished Application, the citations to Kosaka are to the Certified English-Language Translation provided by Liberty in Exhibit 1003. The page numbers refer to those that appear on the top center of each page, and not the exhibit page numbers that appear on the bottom right corner.

premium.” (*Id.* at p. 7, col. 2:21-25.) Figure 1 of Kosaka, reproduced below, illustrates one of Kosaka’s embodiments:



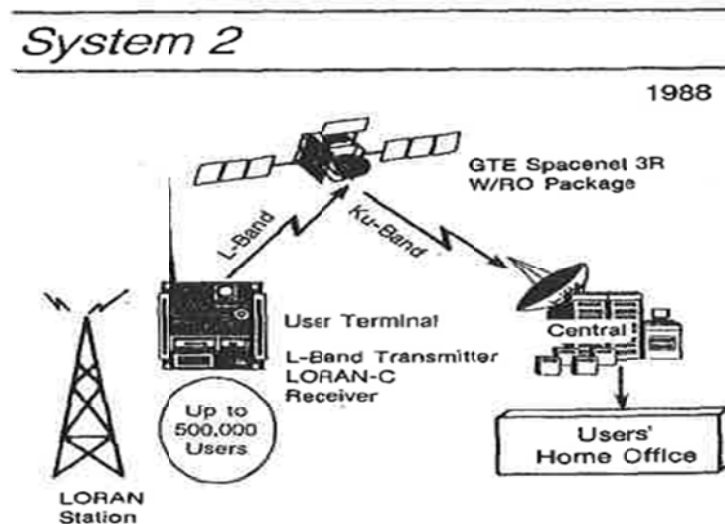
Referring to figure 1, the external sensor 1 and internal sensor 2 detect the states of the driver and vehicle that contribute to risk (*e.g.*, speed). (Ex. 1003, p. 3, col. 1:4-18; p. 4, col. 2:4-17.) The fuzzy logic part 3 evaluates risk based on the states of the driver and vehicle. (*Id.* at p. 3, col. 2:23-30; p. 4, col. 2:18-20.) Specifically, the outputs from sensors 1 and 2 are used as input values to the fuzzy logic part 3. (*Id.* at p. 4, col. 2:18-19.) The risk evaluation values determined by the fuzzy logic may be stored in the fuzzy memory 4. (*Id.* at p. 4, col. 2:24-26.) The detection of the states that contribute to risk and the evaluation of risk are carried out in real-time. (*Id.* at p. 4, col. 1:30-34.)

Kosaka’s system further includes a premium calculation part 6 that uses the risk evaluation values to determine insurance adjustments. (*Id.* at p.4, col. 2:26-30.) The premium calculation part 6 performs temporal integration and computation of risk evaluation values, and calculates insurance premiums. (*Id.* at p. 4, col. 2:26-29.) System clock 5 is connected to the premium calculation part 6 to perform time integration. (*Id.* at p. 4, col. 2:31-33.) A determination of the insurance adjustment is also

performed in real-time. (*Id.* at p. 4, col. 1:30-34.) Kosaka's system further includes: (1) an output interface 7 that has an electronic currency transfer request means or a prepayment amount erasing means; and (2) a monetary amount file part 8 that stores prepayment balance. (*Id.* at p. 4, col. 2:33-38.)

B. RDSS

RDSS discloses a GEOSTAR® system. (Ex. 1004, p. 16³.) In particular, compact radio terminals located inside a vehicle can send position data, status or alarms, and messages to GEOSTAR® Central in Washington, DC. (*Id.*) Data continually is received and processed at the GEOSTAR® computer facility and delivered to the users' headquarters locations using standard commercial communications links. (*Id.*) Figure System 2 of RDSS, reproduced below, illustrates RDSS's distributed network system:



³ The page numbers refer to the original page numbers of the references, and not the exhibit page numbers on the bottom right corner.

Figure System 2 of RDSS depicts the data transmission from a radio terminal to the central location.

C. Herrod

Herrod discloses a computer-based monitoring and reporting device that is used in a vehicle to measure driver acceleration patterns and report associated accident risks. (Ex. 1006, p. 1-2⁴.) Herrod's device uses the measured acceleration data to classify the driver into one of several groups, each of which associates with a different level of accident risk. (*Id.*) According to Herrod, safe drivers can use the measured acceleration data to demonstrate their competence to insurance companies. (*Id.* at p. 1.)

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

⁴ The page numbers refer to the original page numbers of the references, and not the exhibit page numbers on the bottom right corner.

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. 16-18.) 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. 17.) In support of that assertion, Liberty points to portions of the ’598 patent. (Pet. 17, 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. 17-18.) 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.)

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.)

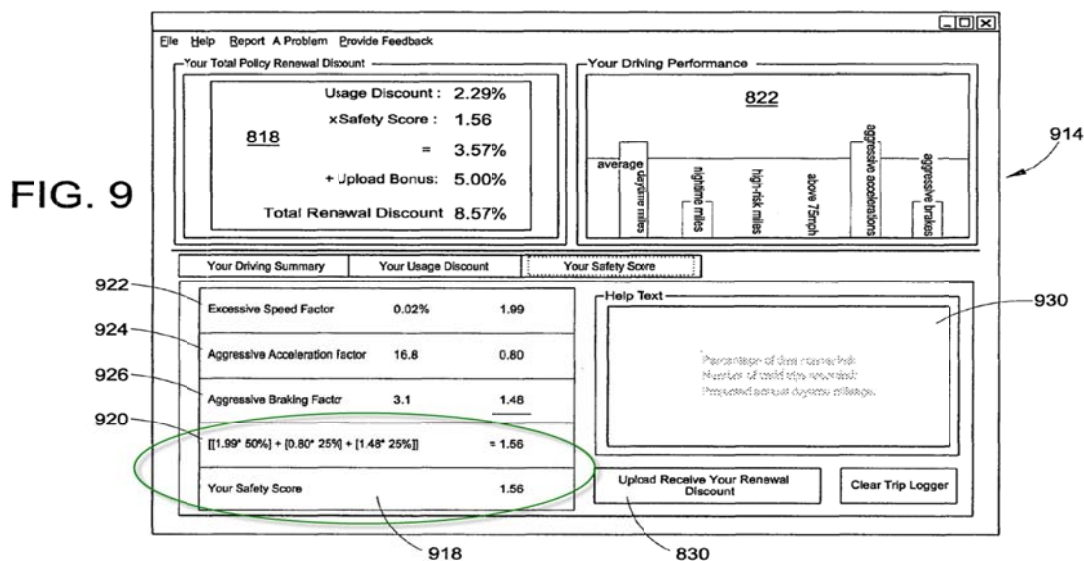


Figure 9 depicts a safety score explanation section (918) which indicates the safety score *is a weighted function* (920) (“[[1.99 * 50%] + [0.80 * 25%] + [1.48 * 25%]] = 1.56 (safety score)”) of an excessive speed factor (922), an aggressive acceleration factor (924) and an excessive braking factor (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. 17-18.) However, 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 contends that claims 1-78 of the '598 patent are unpatentable under 35 U.S.C. § 103(a) based on various combinations of Kosaka, RDSS, Herrod, and Dorweiler. (Pet. 26-73.) In support of its contention, Liberty provides numerous claim charts to show how each claim limitation is met by the cited prior art references (Pet. 26-73), and asserts that a person of ordinary skill in the art would have been motivated to combine the cited references (Pet. 20-26).

Progressive opposes and argues that the combination of Kosaka and RDSS does not meet certain limitations of the claims of the '598 patent as alleged by Liberty. (Prel. Resp. 11-17.) Specifically, Progressive argues that the combination of Kosaka and RDSS does not meet: (1) a *server receiver* that is “configured to *wirelessly* receive *selected onboard vehicle data* monitored by an in-vehicle data monitoring device within a vehicle”; and (2) “a *network server system* coupled to the *server receiver* that provides an *interface* having functionality configured to *establish relationship* between the selected *onboard vehicle data* and *levels of risk* in a usage based insurance system,”⁵ as recited in claim 1 (emphasis added). (*Id.*)

⁵ Each of the challenged claims includes, or depends from a claim that includes, some variation of this limitation.

We are persuaded by Progressive's arguments. In addition, we determine that there is insufficient factual evidence on this record to support Liberty's contentions, and Liberty's petition fails to articulate a reason with a rational underpinning to support the legal conclusion of obviousness. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966) (The question of obviousness is resolved on the basis of underlying factual determinations.); *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (Obviousness grounds of unpatentability cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.).

We first note that Kosaka does not describe wireless transmission of monitored vehicle data to a network server receiver. Simply put, Kosaka's system does not include "a server receiver," "a network server system," "an interface," and any wirelessly transmission of monitored onboard vehicle data, as required by the disputed claim limitations. Rather, Kosaka's system is an in-vehicle integrated system with all of the system components, such as the monitoring device, risk evaluation device, database, and insurance premium determination device, implemented *onboard* the vehicle to provide real-time risk evaluation and real-time premium calculation. (Ex. 1003, p. 3, col. 1:4-18; p. 4, col. 1:30-34; p. 4, col. 2:4-17.)

While RDSS discloses a network system that can receive wireless transmission of vehicle data, RDSS does not describe a network server system being 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. More importantly, it is unclear from the portions of the references relied upon by Liberty (Pet. 27-29) how Kosaka's in-vehicle integrated system (which is not a distributed network system) would be combined with RDSS's distributed network system. This is not a mere substitution of one known component for another known component to achieve a predictable result.

In support of its assertions (Pet. 28-29), Liberty directs attention to the declaration of Ms. Mary O'Neil to demonstrate that a person of ordinary skill in the art would have understood that Kosaka's disclosure of risk evaluation values is a disclosure of levels of risk. (Pet. 28, citing Ex. 1011, O'Neil Dec. ¶ 28.) Liberty further relies upon the declaration of Mr. Scott Andrews to establish that one of ordinary skill in the art would have understood RDSS's disclosure of a server inherently discloses an interface so that the terminals can communicate with it. (Pet. 29, citing to Ex. 1015, Andrews Dec. ¶ 23.) However, Liberty's assertions and experts' testimonial evidence are unpersuasive. They fail to explain why one of ordinary skill in the art would modify Kosaka's in-vehicle integrated system (which has the risk evaluation device onboard the vehicle to provide real-time risk evaluation) to transmit the monitored vehicle data wirelessly to a network server receiver. *Unigene Labs v. Apotex, Inc.*, 655 F.3d 1352, 1360 (Fed. Cir. 2011); *Bayer Schering Pharm. AG v. Barr Labs., Inc.*, 575 F.3d 1341, 1347 (Fed. Cir. 2009) (To render a claim obvious, prior art cannot be

“vague” and must collectively, although not explicitly, guide a person of ordinary skill in the art towards a particular solution.).

Liberty further asserts that one of ordinary skill in the art “would have recognized that Kosaka’s system of determining insurance rates using monitored in-vehicle operation data could be advantageously implemented using the wireless transmission system for telematics data and other features disclosed in RDSS, in order to, *inter alia*, communicate pertinent data to the insurer more efficiently.” (Pet. 21, citing to Ex. 1015, Andrews Dec. ¶ 29.) To support that assertion, Mr. Andrews testifies that: (1) “[a] person of ordinary skill in the art, therefore, would have found it obvious to use, for example, this OBD-II port vehicle bus connection to monitor and collect the data because it was required to be in cars as of 1995”; and (2) “[a] person of ordinary skill in the art would have found it obvious to implement the system of Kosaka so as to transmit the data wirelessly, *e.g.*, through an RDSS system, to a remote server to perform analysis.” (Ex. 1015, ¶ 29.) We are not persuaded by Liberty’s assertion and Mr. Andrews’ testimony.

As discussed *supra*, Kosaka’s system is an in-vehicle integrated system with all of the system components, such as the monitoring device, risk evaluation device, database, and insurance premium determination device, implemented *onboard* the vehicle to provide real-time risk evaluation and real-time premium calculation. (Ex. 1003, p. 3, col. 1:4-18; p. 4, col. 1:30-34; p. 4, col. 2:4-17.) Liberty does not explain specifically how Kosaka’s system would be modified in view of RDSS. For instance, Liberty fails to specify which of Kosaka’s components would be separated

from Kosaka's main in-vehicle integrated system so that RDSS's wireless transmission system could be used, which of Kosaka's components would be substituted by which RDSS's components in the alleged combination, and where each of Kosaka's components would be located in such a combination.

Liberty's expert testimonial evidence also does not provide adequate factual evidence to support Liberty's assertion of obviousness. Notably, it is unclear as to how Mr. Andrew's testimony on the use of an OBD-II port vehicle bus connection to *monitor and collect* vehicle data (Ex. 1015, ¶¶ 21 & 29) supports the use of wireless *transmission* of monitored vehicle data. It is also unclear whether Liberty is proposing implementing an OBD-II port vehicle bus connection in Kosaka's system, as there is no discussion of an OBD-II port vehicle bus connection in Liberty's petition itself.

Additionally, Liberty fails to provide sufficient factual evidence to support its position that modifying Kosaka's in-vehicle integrated system to implement a wireless transmission of monitored vehicle data would achieve efficiency and other alleged, but unspecified benefits. We determine that the testimony of Mr. Andrews (Ex. 1015, ¶ 29) relied upon by Liberty also contains no such factual evidence, other than an unsupported allegation of obviousness, which is entitled to no weight. *See Avia Grp. Int'l, Inc. v. L.A. Gear Cal., Inc.*, 853 F.2d 1557, 1564 (Fed. Cir. 1998); *Nutrition 21 v United States*, 930 F.2d 867, 871 n.2 (Fed. Cir. 1991) (An expert's opinion on the ultimate legal conclusion of obviousness itself is not entitled to any weight.).

IV. CONCLUSION

For the foregoing reasons, we concluded that Liberty's petition does not demonstrate that it is more likely than not that claims 1-78 of the '598 petition would have been unpatentable over Kosaka, RDSS, Herrod and Dorweiler. Accordingly, the petition is denied.

V. RELATED PROCEEDING

Liberty also filed a petition requesting a covered business method patent review of claims 1-78 of the '598 patent in CBM2013-00004. In that proceeding, we have authorized the institution of a covered business method patent review for claims 1-78 based on the following grounds of unpatentability:

- 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, 63, and 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.

VI. 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 denied as to claims 1-78 of the '598 patent for the following grounds:

- A. Claims 1-8, 25-55, and 72-78 under 35 U.S.C. § 103 as being unpatentable over Kosaka and RDSS;
- B. Claims 9-26 and 56-72 under 35 U.S.C. § 103 as being unpatentable over Kosaka, RDSS, and Herrod;
- C. 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 Kosaka, RDSS, and Dorweiler; and

FURTHER ORDERED that no trial is instituted in this proceeding.

Case CBM2013-00003
Patent 8,090,598

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