UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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LIBERTY MUTUAL INSURANCE COMPANY
Petitioner,

v.

PROGRESSIVE CASUAL INSURANCE COMPANY
Patent Owner,

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Case CBM2012-00003 (JL)
Patent 8,140,358

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

LEE, *Administrative Patent Judge*.

1   **ORDER**
2   **(DENIAL OF GROUNDS -- 37 C.F.R. § 42.208(b))**
3
4   INTRODUCTION
5   This petition for covered business method patent review of Patent 8,140,358
6   ('358 patent) was filed on September 16, 2012. Petitioner has asserted four
7   hundred and twenty two (422) grounds of unpatentability against the 20 claims of
8   the '358 patent, averaging more than 21 grounds per claim. The Patent Owner has
9   not yet filed a preliminary response. In this order, we deny one hundred and ninety
10   six (196) of the asserted grounds as not meeting the threshold for institution of

1   trial. *See* 37 C.F.R. §§ 42.208(b) and 300(a). In any response to be filed by the

2   Patent Owner, the denied grounds need not be addressed.

3   There are two types of grounds being denied.

4   The first type includes those grounds which rely on the disclosure in Kosaka

5   (Japanese Published Application H4-182868, Published June 30, 1992, Ex. 1003)

6   of a wireless transmitter on the gear of a diver, which transmits an emergency

7   signal to an aid boat or buoy when evaluation in real-time of the diving data

8   indicates an extremely high risk situation, to meet the claim limitation of "a

9   wireless transmitter configured to transfer the selected vehicle data retained within

10   the memory to a distributed network and a server" without any reference's

11   disclosing wireless transmission of selected vehicle data for subsequent evaluation.

12   For the first type, the grounds of obviousness are, for independent claim 1:

13   over Kosaka,
14   over Kosaka and Bouchard
15
16   The grounds are, for dependent claims 2-20, over Kosaka and over Kosaka and

17   Bouchard, plus at least one more reference relied on by the Petitioner to meet the

18   additional features recited in dependent claims 2-20.

19   The second type includes those same grounds as in the first type, but

20   modified to substitute the wireless transmitter of Kosaka with a more sophisticated

21   wireless transmission system disclosed in another reference to provide or convey

22   "different types of data more efficiently to better determine driver performance."

23   (Pet. 38:5-9; 40:4-8; 42:16 to 43:5).

24

1   For the second type, the grounds of obviousness are, for claim 1:

2   over Kosaka and Scapinakis
3   over Kosaka,, Bouchard, and Scapinakis
4   over Kosaka and Eisenmann
5   over Kosaka, Bouchard, and Eisenmann
6   over Kosaka and Stanifer
7   over Kosaka,, Bouchard, and Stanifer

8

9 The grounds of obviousness for claims 2-20 are the same as those listed above for

10 claim 1, but with the addition of at least one more reference relied on by the

11 Petitioner to account for the additional features recited in dependent claims 2-20.

12   Using the system of designating asserted grounds of unpatentability as

13 revealed in the chart on pages 17-22 of the petition, we identify the denied grounds

14 for instituting trial as follows:

15	1:2	2:2	3:2	4:2	5:2	6:2
16	1:4	2:4	3:4	4:4	5:4	6:4
17	1:6	2:6	3:6	4:6	5:6	6:6
18	1:7	2:7	3:7	4:7	5:7	6:7
19	1:10	2:10	3:10	4:10	5:10	6:10
20	1:11	2:11	3:11	4:11	5:11	6:11
21	1:14	2:14	3:14	4:14	5:14	6:14
22	1:15	2:15	3:15	4:15	5:15	6:15
23	7:2	8:2	9:2	10:2	11:2	12:2
24	7:4	8:4	9:4	10:4	11:4	12:4
25	7:6	8:6	9:6	10:6	11:6	12:6
26	7:7	8:7	9:7	10:7	11:7	12:7

1	7:10	8:10	9:10	10:10	11:10	12:10
2	7:11	8:11	9:11	10:11	11:11	12:11
3	7:14	8:14	9:14	10:14	11:14	12:14
4	7:15	8:15	9:15	10:15	11:15	12:15
5	13:2	14:2	15:2			
6	13:4	14:4	15:4			
7	13:6	14:6	15:6			
8	13:7	14:7	15:7			
9	13:10	14:10	15:10			
10	13:11	14:11	15:11			
11	13:14	14:14	15:14			
12	13:15	14:15	15:15			
13	16:2	17:2	18:2			
14	16:4	17:4	18:4			
15	16:6	17:6	18:6			
16	16:8	17:8	18:8			
17	17:11	18:11	17:20	18:20		
18	17:13	18:13	17:22	18:22		
19	17:15	18:15	17:24	18:24		
20	17:17	18:17	17:26	18:26		
21	19:2	20:2	19:19	20:19	19:36	20:36
22	19:4	20:4	19:21	20:21	19:38	20:38
23	19:6	20:6	19:23	20:23	19:40	20:40
24	19:7	20:7	19:24	20:24	19:41	20:41

1	19:10	20:10	19:27	20:27	19:44	20:44
2	19:11	20:11	19:28	20:28	19:45	20:45
3	19:14	20:14	19:31	20:31	19:48	20:48
4	19:15	20:15	19:32	20:32	19:49	20:49

5   The claimed invention

6   The '358 patent discloses a data logging device that tracks the operation of a

7   vehicle or operator behavior. (Spec. 1:33-34). A processor reads data from an

8   automotive bus that transfers data from vehicle sensors to other components and

9   stores the data into memory. (Spec. 1:40-45). A communication device links the

10 data logging device to a network of computers. (Spec. 1:44-45).

11   Claim 1 is the only independent claim, and is reproduced below:

12   1.   A system that monitors and facilitates a review of data
13   collected from a vehicle that is used to determine a level of safety or
14   cost of insurance comprising:
15
16   a processor that collects vehicle data from a vehicle bus that
17   represents aspects of operating the vehicle;
18
19   a memory that stores selected vehicle data related to a level of
20   safety or an insurable risk in operating a vehicle;
21
22   a wireless transmitter configured to transfer the selected vehicle
23   data retained within the memory to a distributed network and a server;
24
25   a database operatively linked to the server to store the selected
26   vehicle data transmitted by the wireless transmitter, the database
27   comprising a storage system remote from the wireless transmitter and
28   the memory comprising records with operations for searching the
29   records and other functions;
30

1   where the server is configured to process selected vehicle data

2   that represents one or more aspects of operating the vehicle with data

3   that reflects how the selected vehicle data affects a premium of an

4   insurance policy, safety or level of risk; and

5

6   where the server is further configured to generate a rating factor

7   based on the selected vehicle data stored in the database.

8

9   Thus, the claimed invention is about collecting sensed vehicle data from a

10   vehicle bus, storing in memory that sensed vehicle data which pertains to level of

11   safety or insurable risk in operating the vehicle, and wirelessly transmitting that

12   stored data to a distributed network and a server. A database is operatively linked

13   to the server to store the wirelessly transmitted vehicle data, and that database is

14   remote from the wireless transmitter and the memory providing the data for

15   wireless transmission. Also, the server receiving the wirelessly transmitted vehicle

16   data performs two functions: (1) processes the vehicle data with data that reflects

17   how the vehicle data affects an insurance policy premium, safety, or level of risk;

18   and (2) generates a rating factor based on the vehicle data stored in the database.

19   The wireless transmitter transmits vehicle data already stored in a memory to

20   a distributed network and a server, and a database linked to the server in turn stores

21   the wirelessly transmitted data. That database is remote from the wireless

22   transmitter and the memory. Thus, according to the claim, at least the database

23   operatively linked to the server is not onboard the vehicle.

24

1   Each of claims 1-10, 14, 16, 19, and 20 depends directly on claim 1. Each of

2   claims 11-13 depends directly on claim 10. Claim 15 depends directly on claim

3   14, claim 17 directly on claim 16, and claim 18 directly on claim 17.

4   Kosaka

5   In this opinion, specific references to the content of Kosaka are to the

6   English translation of the original Japanese Unpublished Application, that is

7   contained in Exhibit 1003. Kosaka discloses a combination risk evaluation device

8   and insurance premium determination device that makes use of the risk evaluation

9   device. (Kosaka 2:col.1:53 to 2:col.2:3). The risk evaluation device evaluates risk

10   in moving bodies such as vehicles or insurance customers. (*Id.*) With regard to

11   prior art, Kosaka describes that pre-existing conventional insurance premium

12   determination systems have determined rates based on static attributes of the

13   customer. (Kosaka 2:col.2:15-19). For instance, Kosaka describes that in pre-

14   existing systems, it is normal for there to be no insurance premiums between

15   operators who always operate safely, and operators who occasionally take risks,

16   and that it is therefore unfair to apply the same insurance premium to both.

17   (Kosaka 2:col.2:36-42). It is a stated objective of Kosaka that insurance premiums

18   can be increased or decreased by "continually" determining insurance premium

19   changes through the detection of states that lead to risk. (Kosaka 2:col.2:42-52).

1   Figure 1 of Kosaka is reproduced below, which illustrates a high level

2   block diagram of Kosaka's device:
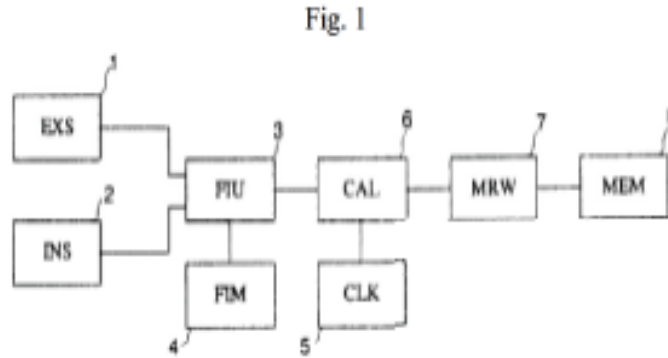
Fig. 1

3

4   Fig.1 shows a block diagram of Kosaka's device

5   External sensor 1 and internal sensor 2 detect data about the vehicle or

6   insurance customer to provide as input to fuzzy logic part 3 (FLU 3).

7   (Kosaka 4:col.2:4-20). The FLU 3 determines the comprehensive risk based on the

8   input sensor data, making use of risk evaluation values stored in fuzzy memory 4

9   (FLM 4). (Kosaka 4:col.2:20-26). The premium calculation part 6 (CAL 6)

10   performs temporal integration and computation of risk evaluation values, and

11   thereby calculates insurance premiums. (Kosaka 4:col.2:26-31). A system clock

12   CLK 5 supplies a timing signal to CAL 6, and CAL 6 is connected to an output

13   interface MRW 7. (Kosaka 4:col.2:31-35). MRW 7 includes an electronic

14   currency transfer request means or a prepayment amount erasing means,

15   making use of MEM 8, a monetary amount file part including memory that

16   stores a prepayment balance or a transfer-side currency on-line system.

17   (Kosaka 4:col.2:36-38).

1   Kosaka discloses specific use of its device of Figure 1 in two application

2   embodiments. In the first, the device is incorporated within a diving watch to be

3   worn by a diver while diving. (Kosaka 4:col.2:39-41). In the second, the device is

4   installed on a vehicle. (Kosaka 6:col.2:3-6). The vehicle embodiment employs as

5   a sensor a doppler radar, or alternatively ultrasound waves, to detect the operating

6   speed of the vehicle. (Kosaka 6:col.2:7-11). For the diver embodiment only,

7   Kosaka discloses that an electromagnetic wave antenna 18 is attached to a fin 17

8   that is worn on the foot of the diver, and that the antenna transmits an emergency

9   signal to a buoy or an aid boat if the logical output of the device reaches an

10   emergency level. (Kosaka 5:col.1:13-18). In the alternative, an ultrasonic wave

11   generator may be provided instead of the antenna 18 to send the emergency signal.

12   (Kosaka 5:col.1:18-21).

13   Kosaka describes an effect of its invention as follows (emphasis

14   added)(Kosaka 9:col.1:27-34):

15   Moreover, by using the risk evaluation device employing a risk
16   evaluation part that operates by fuzzy logic together with an insurance
17   premium determination system, change in insurance premiums in
18   accordance with **continually** varying risk evaluation values can be
19   settled in real time, thereby allowing insurance to be more equitable.
20
21   ANALYSIS

22   When promulgating the regulations of Part 42, Code of Federal Regulations,

23   Title 35, the Board considered "the effect of the regulations on the economy, the

24   integrity of the patent system, the efficient administration of the Office, and the

25   ability of the Office to timely complete proceedings" as mandated by 35 U.S.C.

26   § 326(b). It is provided in 37 C.F.R. § 42.1(b) that: "[t]his part shall be construed

1   to secure the just, speedy, and inexpensive resolution of every proceeding."

2   Furthermore, the Petitioner has the burden of proof to establish that it is entitled to

3   the requested relief. 37 C.F.R. § 42.20(c). Thus, we will address only the basis,

4   rationale, and reasoning put forth by the Petitioner in the petition, and resolve all

5   vagueness and ambiguity in Petitioner's arguments against the Petitioner.

6   As noted above, claim 1 requires for storage both a local memory and a

7   database remote from the local memory. Sensed selected vehicle data is first

8   stored in the local memory and then sent by a wireless transmitter to a distributed

9   network and a server. A database remote from the wireless transmitter and the

10   local memory is operatively linked to the server and stores the wirelessly

11   transmitted vehicle data. The server processes the wirelessly transmitted selected

12   vehicle data with data that reflects how that vehicle data affects a premium of an

13   insurance policy, safety, or level of risk, and generates a rating factor based on the

14   selected vehicle data stored in the database.

15   For both the local memory and the remote database, Petitioner asserts

16   inherent disclosure based on the disclosure in Kosaka that risk evaluation values

17   and insurance premiums "may" be determined subsequently. It is true that while

18   Kosaka discloses that its risk evaluation means and insurance premium change

19   determination means operate "in real time" (Kosaka 3:col.2:9-12;19-21;

20   4:col.1:30-34;45-47), it also indicates that the calculations "may" be performed

21   subsequently as is noted by Petitioner. However, in order to preserve data values

22   to be processed later, the selected sensed vehicle data need only be stored in one

23   location. Petitioner's inherency argument cannot carry the day for both the local

24   memory and the remote database.

1 More importantly, the only wireless data transmitter disclosed in Kosaka is

2 that in the diver embodiment for sending a distress signal to an aid boat or a buoy

3 when the evaluated data indicates an extremely hazardous condition. Claim 1

4 requires a wireless transmitter that transmits the vehicle data stored in the local

5 memory to a distributed network and a server and specifies that the server which

6 receives the wireless transmission makes the risk evaluation. Petitioner has not

7 identified any disclosure, in Kosaka's vehicle embodiment, that sensed vehicle

8 data is wirelessly transmitted to any component anywhere. Even in Kosaka's diver

9 embodiment, what is wirelessly transmitted is a distress signal and not sensed data.

10 Also, an aid boat or a buoy is not a distributed network or a server.

11 In that regard, Petitioner's argument is as follows (Pet. 30:9-15):

12 POSITA would have found obvious, based on Kosaka's disclosure of
13 transferring selected vehicle data (e.g., states that contribute to risk,
14 such as speed) to a risk evaluation unit, including sending signals via
15 an antenna to a remote receiver, to implement the system of Kosaka to
16 comprise a wireless transmitter configured to transfer the selected
17 vehicle data to the risk evaluation unit via a distributed network for a
18 more rapid transmission of data. See Ex. 1025, Andrews Dec. ¶¶ 23-
19 24.

21 The argument has numerous infirmities. As noted above, Kosaka does not

22 disclose wireless transmission of sensed vehicle data to any component anywhere.

23 The wireless transmission in Kosaka's diver embodiment transmits only a distress

24 signal after the collected risk data has been evaluated and determined as invoking

25 an emergency situation. Petitioner has not advanced a credible rationale why

26 wireless transmission of an emergency distress signal after risk data has been

27 evaluated and determined as invoking an emergency situation would have

1   suggested wireless transmission of the raw data before risk evaluation to a

2   distributed network and a server which performs the evaluation. Furthermore,

3   focusing on the above-quoted text, we regard Petitioner's stated reasoning of

4   applying wireless transmission of data from the sensing unit to the risk evaluation

5   unit, through a distributed network, for the purpose of achieving more rapid

6   transmission of data to be unsupported by the record and simply unpersuasive.

7   In Kosaka, the data sensing component and the risk evaluation component

8   are both parts of the same device worn by the diver or positioned onboard the

9   vehicle. The declaration of Andrews, in the cited paragraphs 23 and 24, contains

10   no testimony to the effect that the speed of data transmission from Kosaka's

11   sensing component to risk evaluation component, both being parts of the same

12   onboard device, would be improved by using wireless transmission through a

13   distributed network. We note that for such an assertion, even if there is testimony

14   presenting that opinion, the testimony should also provide a detailed explanation.

15   For all of the foregoing reasons pertaining to the local memory, the remote

16   database, and the wireless transmission to a distributed network and a server, we

17   conclude that Petitioner has not demonstrated that it is more likely than not that

18   claim 1 of the '358 patent is unpatentable over Kosaka.

19   Petitioner has also asserted that claim 1 of the '358 patent is unpatentable

20   over the combined teachings of Kosaka and Bouchard (US Patent 5,465,079).

21   Bouchard, however, is applied by the Petitioner only for its teachings with regard

22   to claim 1's requirement of a vehicle bus from which sensed vehicle data is

23   collected, and does not cure the deficiencies of Kosaka with regard to the other

24   features of claim 1 as discussed above. Accordingly, we conclude that Petitioner

1   has not demonstrated that it is more likely than not that claim 1 of the '358 patent

2   is unpatentable over Kosaka and Bouchard.

3   Based on the asserted grounds relying on Kosaka alone and Kosaka in

4   combination with Bouchard, Petitioner: (1) adds Scapinakis to form two more

5   grounds against claim 1 based on Kosaka and Scapinakis, and Kosaka, Bouchard,

6   and Scapinakis; (2) adds Eisenmann to form two more grounds against claim 1

7   based on Kosaka and Eisenmann, and Kosaka, Bouchard, and Eisenmann; and

8   (3) adds Stanifer to form two more grounds against claim 1 based on Kosaka and

9   Stanifer, and Kosaka, Bouchard, and Stanifer.

10   In adding each of Scapinakis, Eisenmann, and Stanifer, to Kosaka and to

11   Kosaka and Bouchard, Petitioner simply states that one with ordinary skill in the

12   art would have recognized that Kosaka's device would be enhanced by

13   incorporating more sophisticated wireless telematics system discussed in

14   Scapinakis, Eisenmann, and Stanifer to convey different types of data more

15   efficiently to better determine driver performance. (Pet. 38:5-9; 40:4-8;43:1-5).

16   However, as we discussed above, Petitioner has not persuasively argued even that

17   one with ordinary skill has reason to wirelessly transmit any vehicle data to

18   anywhere. Thus, Petitioner's argument that Kosaka's wireless transmission of data

19   would benefit by enhancement via adoption of a more sophisticated telematics

20   wireless transmission system is unpersuasive. Indeed, it would appear that to send

21   vehicle data from Kosaka's data collection component to Kosaka's data evaluation

22   component, both parts of the same onboard device, the more sophisticated the

23   telematics the more inefficient it would be. And as noted above, Petitioner's

24   witness Mr. Andrews provides no explanation as to why that is not so.

1   Even without the problem relating to any need for a more sophisticated

2 telematics system, Petitioner still has not cleared the problems relating to a local

3 memory and a remote database, notwithstanding the addition of Scapinakis,

4 Eisenmann, or Stanifer. For all of the foregoing reasons, we conclude that

5 Petitioner has not demonstrated that it is more likely than not that claim 1 of the

6 '358 patent is unpatentable over: (1) Kosaka and any one of Scapinakis,

7 Eisenmann, and Stanifer; and (2) Kosaka, Bouchard, and any one of Scapinakis,

8 Eisenmann, and Stanifer.

9   Based on all the asserted grounds against claim 1 as discussed above, for

10 each dependent claims 2-20, Petitioner adds one or more additional references to

11 account for the features added by the dependent claims. The additional reference

12 or references do not cure the deficiencies noted above with regard to the features of

13 independent claim 1. We conclude that Petitioner has not demonstrated that it is

14 more likely than not that claims 2-20 of the '358 patent are unpatentable over any

15 one of the above-discussed grounds with the addition of one or more references

16 relied on by the Petitioner to account for the features of the dependent claims.

17   As is stated above at the beginning of the analysis, we address only the

18 basis, rationale, and reasoning put forth by the Petitioner and resolve all vagueness

19 and ambiguity in Petitioner's arguments against the Petitioner. If there is any other

20 way Scapinakis, Eisenmann, and Stanifer can be combined with Kosaka and yield

21 a better combination, it is the responsibility of the Petitioner to clearly articulate it.

22 It would be unfair to expect the Patent Owner to conjure up arguments against its

23 own patent and just as inappropriate for the Board to take the side of the Petitioner

24 to salvage an inadequately expressed ground proposing an alternative rationale.

1   We recommend that all petitioners clearly express and explain their

2   positions, especially on precisely how the teachings of multiple references are used

3   in combination to meet a claim feature. We also recommend that all petitioners

4   clearly state what the differences are between the subject matter claimed in a claim

5   alleged as obvious over prior art, and the prior art. Here, Petitioner has not clearly

6   identified the differences between claim 1 and Kosaka, and the Petitioner's

7   reasoning on adding Scapinakis, Eisenmann, or Stanifer to the basic combination

8   of Kosaka or Kosaka and Bouchard is vague and ambiguous at best.

9

10   CONCLUSION

11   It is

12   **ORDERED** that each of the one hundred ninety six (196) alleged grounds

13   of unpatentability based in whole or in part on Kosaka and identified in the

14   Introduction section of this opinion is *denied* as a basis for instituting trial;

15   **FURTHER ORDERED** that no trial will be instituted based on those one

16   hundred ninety six (196) grounds of unpatentability; and

17   **FURTHER ORDERED** that the Patent Owner shall not, in any response,

18   address the merits of any of the one hundred and ninety six (196) denied grounds

19   of unpatentability for instituting trial.

20

CBM-2012-00003
Liberty Mutual Ins. Co. v. Progressive Casualty Ins. Co.

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