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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JOHN CHANDLER HOPKINS

Appeal 2018-008422
Application 11/851,792
Technology Center 3600

Before MURRIEL E. CRAWFORD, PHILIP J. HOFFMANN, and
BRADLEY B. BAYAT, *Administrative Patent Judges*.

CRAWFORD, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant,¹ John Chandler Hopkins, appeals from the Examiner’s decision to finally reject claims 34, 35, 37, 40–43, 45, 47–51, and 55–58. Final Act. 1. We have jurisdiction under 5 U.S.C. § 6(b).

We AFFIRM.

¹ We use the word “Appellant” to refer to “Applicant” as defined in 37 C.F.R. § 1.42(a). Appellant identifies the real party in interest as United Services Automobile Association (USAA). Appeal Br. 2.

CLAIMED SUBJECT MATTER

The claims are directed to systems and methods for processing vehicle performance data. Claim 34, reproduced below, is illustrative of the claimed subject matter:

34. A method comprising:

- receiving from a user a request for a vehicle insurance policy for a vehicle with a processor;

- querying the user for acceptance of a behavior processing module;

- receiving a notification of acceptance from the user of the behavior processing module;

 - providing the behavior processing module;

 - installing the behavior processing module on the vehicle, the behavior processing module operatively coupled with at least one vehicle performance sensor for detecting vehicle performance data and at least one vehicle location sensor for detecting vehicle location data, the behavior processing module configured to receive the vehicle performance data and the vehicle location data and to calculate, via the vehicle's processor, behavior data based on the use of the vehicle performance data and vehicle location data, the vehicle location data including routes traveled and mileage;

- receiving, with a receiving module of the behavior processing module, behavior data on a plurality of drivers of the vehicle;

- activating a bridge vehicle insurance policy for the user, the bridge vehicle insurance policy providing vehicle insurance for the user for a period of time to receive sufficient behavior data to determine a premium for a non-bridge vehicle insurance policy;

- receiving sufficient behavior data with the receiving module to determine the premium for the non-bridge vehicle insurance policy;

- determining, that the behavior data corresponds to a different premium than the bridge vehicle insurance policy;

- determining the premium for the non-bridge vehicle insurance policy; and

activating the non-bridge vehicle insurance policy.

REJECTIONS

The Examiner rejected claims 34, 35, 37, 40–43, 45, 47–51, and 55–58 under 35 U.S.C. § 101 as directed to ineligible subject matter in the form of abstract ideas.

The Examiner rejected claims 34, 35, 37, 40, 42, 43, 45, 47–51, and 55–58 under 35 U.S.C. § 103(a) as unpatentable over Bauer et al. (US 2004/0153362 A1, pub. Aug. 5, 2004) (“Bauer”) and Dawn Love, “Progressive’s Black Box: Is Big Brother Good for the Industry?”, Insurance Journal West Magazine, Dec. 6, 2004 (retrieved on Sept. 10, 2019 from <http://www.insurancejournal.com/magazines/features/2004/12/06/50322.htm>) (“Love”).

The Examiner rejected claim 41 under 35 U.S.C. § 103(a) as unpatentable over Bauer, Love, and Alemayehu et al. (US 2007/0226014 A1, pub. Sept. 27, 2007) (“Alemayehu”).

OPINION

Rejection under 35 U.S.C. § 101

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[I]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g.*, *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court’s two-step framework, described in *Mayo*

and *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). In accordance with that framework, we first determine what concept the claim is “directed to.” *See Alice*, 573 U.S. at 219 (“On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk.”); *see also Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk.”).

Concepts determined to be abstract ideas, and thus patent ineligible, include certain methods of organizing human activity, such as: fundamental economic practices (*Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594–95 (1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 69 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as: “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 191 (1981)); “tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores” (*id.* at 182 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1854))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

In *Diehr*, the claim at issue recited a mathematical formula, but the Supreme Court held that “[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diehr*, 450 U.S. at 187; *see also id.* at 191 (“We view respondents’ claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula.”). Having said that, the Supreme Court also indicated that a claim “seeking patent

protection for that formula in the abstract . . . is not accorded the protection of our patent laws, . . . and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.” *Id.* (citing *Benson* and *Flook*); *see, e.g., id.* at 187 (“It is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.”).

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where “we must examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 221 (quotation marks omitted). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* (quoting *Mayo*, 566 U.S. at 77). “[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention.” *Id.*

The PTO recently published revised guidance on the application of § 101. 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Guidance”). Under the Guidance, we first look to whether the claim recites:

- (1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* Manual of Patent Examining Procedure (“MPEP”) § 2106.05(a)–(c), (e)–(h)).

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look to whether the claim:

(3) adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field (*see* MPEP § 2106.05(d)); or

(4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

See Guidance.

The Examiner finds the claims are directed to a fundamental economic practice, and are similar to claims found abstract “such as comparing new and stored information and using rules to identify options (Electric Power Group).” Final Act. 5.

Independent claim 34 recites “determining, that the behavior data corresponds to a different premium than the bridge vehicle insurance policy,” and “determining the premium for the non-bridge vehicle insurance policy.” The determining is based on the information received in steps recited before the determining step. Each of those steps, which begin with receiving a request for a policy, and querying the user for acceptance of a behavior processing module are part of a process to gather data for the determining step. The final recited step is “activating the non-bridge vehicle insurance policy.” The Specification describes that “a non-bridge policy is issued,” but provides no other details on “activating.” Spec. ¶ 48. In addition, the “module” is “configured to receive the vehicle performance data and the vehicle location data and to calculate, via the vehicle's processor, behavior data.” The Specification does not provide an algorithm to “calculate behavior data,” but provides an example that it may provide a

“driving rating” as the behavior data. Spec. ¶ 35; *see also* ¶ 51 (“more than one behavior is calculated, such as aggressive driving behavior, maintenance behavior, acceleration behavior, lane change behavior and the like.”).

Determining a price for an insurance policy, which is a basic part of the claimed method, based on gathered and “calculated” information, and issuing an insurance contract, are fundamental economic practices, because it relates both to agreements between people (MPEP § 2106.04(a)(2)(I)(A)) and a method to mitigate risk (MPEP § 2104.06(a)(2)(I)(B)). Claim 32 is thus directed to an abstract idea under Prong One of Revised Step 2A of the Guidance. *See* Guidance, 84 Fed. Reg. at 52.

Turning to Revised Step 2A, Prong Two of the Guidance, we determine if the claim is integrated into a practical application of the abstract idea. Here, claim 34 recites steps that receive data, make determinations from the data, and activate a new insurance contract. The method does not improve the underlying vehicle recited in the claim, nor the claimed “processor,” because any computer can be used to execute the claimed method. *See* Spec. ¶ 53. In addition, the method is directed to “a method of processing vehicle performance data [which] includes underwriting a vehicle insurance policy” (Spec. ¶ 4), and as such the claimed method does not improve another technology. MPEP § 2106.05(a). Because a particular computer is not required, the claim also does not define or rely on a “particular machine.” MPEP § 2106.05(b). Further, the method does not transform matter. MPEP § 2106.05(c). Instead, the claim receives data, makes determinations from the data, and initiates a new contractual agreement. As such, the method has no other meaningful limitations (MPEP

§ 2106.05(e)), and thus merely recites instructions to execute the abstract idea on a computer (MPEP § 2106.05(f)).

Therefore, under Prong Two, the method is not integrated into a practical application. Guidance, 84 Fed. Reg. at 54–55.

We next, in Step 2B, look at limitations that are “additional elements” which may recite “something more” than an abstract idea, to determine if an element or combination of elements is “well-understood, routine, conventional activity.” Guidance, 84 Fed. Reg. at 56. Here, the manner in which data for the determining step is gathered may represent “something more.” The data gathering process in claim 34 involves several steps to gather data from a vehicle, using “a behavior processing module,” installed on the vehicle, and “operatively coupled with at least one vehicle performance sensor for detecting vehicle performance data and at least one vehicle location sensor for detecting vehicle location data.”

However, the Examiner has not provided evidence that the data gathering, which may overall be insignificant extra-solution activity (MPEP § 2106.05(g)), is well-understood, routine, and conventional in the insurance applications to which the claims are directed. *See Berkheimer v. HP Inc.*, 881 F.3d 1360, 1369 (Fed. Cir. 2018) (“Whether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination.”). The prior art references cited alone are insufficient to establish whether that operation is well-understood, routine, and conventional in the computing arts. *Id.* (“Whether a particular technology is well-understood, routine, and conventional goes beyond what was simply known in the prior art. The mere fact that something is disclosed

in a piece of prior art, for example, does not mean it was well-understood, routine, and conventional.”).

The same issue is present with systems recited in independent claims 42 and 50, as argued by the Appellant. Reply Br. 5 (“Because no evidence that all elements of the claims are WRC, and because the Rejection does not meet the requirements to show ineligibility as described in the Berkheimer Memo, this rejection should be reversed.”)

Thus, based on the record before us, under *Berkheimer*, we do not affirm the 35 U.S.C. § 101 rejection.

Rejection of Claims 34, 35, 37, 40, 42, 43, 45, 47–51, 55, 56, and 58 under 35 U.S.C. § 103(a)

With the exception of dependent claim 57, the Appellant argues all claims together as a group. Appeal Br. 40–44. We select claim 34 as representative. *See* 37 C.F.R. § 41.37(c)(1)(iv).

We are not persuaded by Appellant’s argument that Love “does not describe a bridge policy, and does not suggest two or more policies based on evolving understanding of driver behavior.” Appeal Br. 42.

Love discloses that “drivers will install a data-logging device provided by Progressive into their cars and then upload the data to the insurance company for up to 25 percent in potential savings.” Love, 1. Love thus discloses a policy with a different price after data is uploaded. We interpret the post-uploaded, discounted policy period to be a different policy, because it has different contract terms, such as a discounted price as compared to the earlier period of coverage. We discern no difference between a policy whose price is changed, and two separate policies. The

Specification provides no other information that would distinguish an amended policy from two separate policies with the same terms as the amended policy versions. *See* Spec. ¶¶ 47–48 (cited at Appeal Br. 3–4).

Additionally, Bauer discloses an existing customer with an in-force policy that later uploads data to receive a different price, in that after “receiving and reviewing the data, the insurer applies the appropriate discounts and/or surcharges to the cost of insurance for the party.” Bauer ¶ 208. Bauer thus discloses what is essentially one contract at one price before the upload of data, and a second contract at a second price at a second time, thus also meeting the claim language.

We also are unpersuaded by the Appellant’s argument that the “rejection sets forth no motivation to combine the references to arrive at the claimed solution, simply stating that modification of Bauer with Love ‘would have been obvious’ without explaining why.” Appeal Br. 43–44. The rejection articulates a “motivation according to one KSR Exemplary Rationale where a *known technique is used to improve similar methods and systems in the same [way]* by offering drivers discounts based on how much, how fast and when they drive.” Final Act. 25 (emphasis added). The Examiner has thus provided a rationale, which the Appellant has not recognized, but has not disputed the merit of the motivation.

The Appellant also asserts that “essential *Graham* factors are ignored – for example, the rejection never establishes the level of ordinary skill in the art.” Appeal Br. 44. It is not necessary to establish a level of ordinary skill in the art when the references reflect an appropriate level. *Okajima v. Bourdeau* 261 F.3d 1350, 1355 (Fed. Cir. 2001) (citing *Litton Indus. Prods.*,

Inc. v. Solid State Sys. Corp., 755 F.2d 158, 163 (Fed. Cir. 1985)); *see also* MPEP § 2141.03(II).

We also are not persuaded by the Appellant’s argument of impermissible hindsight because the cited references in the combination “cannot be combined.” Appeal Br. 44. The Appellant provides no evidence or reasoning to support this assertion about combining references. In addition, we do not agree there is impermissible hindsight guiding the combination, because the Examiner “articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006).

Because the Appellant has not established error in the rejection, we sustain the rejection of obviousness of claims 34, 35, 37, 40, 42, 43, 45, 47–51, 55, 56, and 58.

Rejection of Claim 57 under 35 U.S.C. § 103(a)

Claim 57, which depends from independent system claim 50, recites “wherein the first vehicle insurance policy has a variable duration based on time required for development of the behavior data.” The Examiner cites paragraph 194 of Bauer as disclosing the claim language. Final Act. 41. The Appellant argues “[n]othing [in ¶ 194] . . . relates in any way to a variable duration for an insurance policy based on time required for development of behavior data.” Appeal Br. 43.

We disagree, because the ordinary artisan would understand that collecting some information, such as the vehicle identification number, stored in the electronics of a vehicle, would take far less time to collect than, for example, the “location information” or “mileage information” that would require data from a longer period of time. Further, Bauer discloses “location

information recorded by the device can be compared against ‘garage location’ information provided in a policy renewal form.” Bauer ¶ 194. It could take less time to collect this information than “mileage information” that tracks the amount of driving done each day, over a period of time. The ordinary artisan would thus recognize from Bauer’s disclosure that the length of time to collect and “develop” data varies based on what data is necessary, and how long it would take to collect that data.

Seeing no error, we sustain the rejection of claim 57 as obvious.

Rejection of Claim 41 under 35 U.S.C. § 103(a)

We also sustain the separate rejection of claim 41 as obvious, because no argument as to the rejection was advanced by the Appellant.

CONCLUSION

The Examiner’s rejection under 35 U.S.C. § 101 is REVERSED.

The Examiner’s rejections under 35 U.S.C. § 103(a) are AFFIRMED.

In summary:

Claims Rejected	Basis	Affirmed	Reversed
34, 35, 37, 40–43, 45, 47–51, and 55–58	§ 101		34, 35, 37, 40–43, 45, 47–51, and 55–58
34, 35, 37, 40–43, 45, 47–51, and 55–58	§ 103	34, 35, 37, 40–43, 45, 47–51, and 55–58	
Overall Outcome		34, 35, 37, 40–43, 45, 47–51, and 55–58	

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv).

Appeal 2018-008422
Application 11/851,792

AFFIRMED