

# INSURANCE IP BULLETIN

An Information Bulletin on Intellectual Property activities in the insurance industry

A Publication of - Tom Bakos Consulting, Inc. and Markets, Patents and Alliances, LLC

## Introduction

This issue we provide some insight into the things an inventor ought to consider in putting a sales package together for his or her invention. Unfortunately, good ideas don't sell themselves. Pay attention to the business success stories you read about – almost all, that involved some grand new idea, appeared headed for failure in the beginning. Patience and perseverance are required to move the status quo as described in *Getting to First Base*.

In our **Patent Q/A** we address a question inventors have often asked regarding how best to deal with prior art or articles related to an invention in a patent application.

The Statistics section updates the current status of issued US patents and published patent applications in the insurance class (i.e. 705/004). We also provide a link to the *Insurance IP Supplement* with more detailed information on recently published patent applications and issued patents.

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Our mission is to provide our readers with useful information on how intellectual property in the insurance industry can be and is being protected – primarily through the use of patents. We will provide a forum in which insurance IP leaders can share the challenges they have faced and the solutions they have developed for incorporating patents into their corporate culture.

Please use the FEEDBACK link to provide us with your comments or suggestions. Use QUESTIONS for any inquiries. To be added to the Insurance IP Bulletin e-mail distribution list, click on ADD ME. To be removed from our distribution list, click on REMOVE ME.

Thanks,  
Tom Bakos & Mark Nowotarski

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## Feature Article

### *Getting to First Base*

**By:** Tom Bakos, FSA, MAAA & Mark Nowotarski, Patent Agent, MPA, LLC

**Mark:** Well Tom, spring is in the air. The birds are singing. The flowers are blooming. A young man's fancy turns to ...

**Tom:** Baseball?

**Mark:** Exactly. And you know what I love the most about baseball – getting to first base. It's the hardest thing for me to accomplish but once I'm there, I can see my way to home.

**Tom:** Something similar can be said about many of our clients. Whether they are independent inventors or employees of major corporations, at some point, they have to “get to first base” with an investor who has the resources necessary to turn an insurance innovation into a commercial insurance product. That investor may be the management the company the inventor works for, it might be an angel investor who will fund a start-up company, or it might be an alliance partner who will license the invention. In any event, getting an investor to say “yes” to sponsoring the commercial development of an invention is like getting to first base in baseball. It can be hard, but it's the first step towards home.

**Mark:** I like the analogy. Can you offer any advice to our readers on how to get to first base with a potential investor based on your experience in the insurance industry?

**Tom:** Well, I think there are three very important things to consider:

1. The status quo in the insurance industry is very heavy and hard to move;
2. Don't call it new, call it better; and
3. Don't waste your time on rejection.

You always have to start with the status quo. Insurers are not oblivious to innovation. Obviously, it happens in the insurance industry. But, not many practice it. Most follow the demonstrated success of the few who do.

**Mark:** So most insurance carriers, brokers, insurance marketing companies, and the like that have funds available for new product development see themselves primarily as “fast followers” and don't really want to try anything first. Most organizations find the talk of innovation and

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paradigm shifts inspiring and most insurance companies want to be known as innovative problem solvers, but the status quo is a heavy weight.

**Tom:** That's because the status quo works, even if imperfectly, whereas something brand new might not work at all. Insurers have experience in what they are doing and in what they see the rest of the industry doing. Contrary to what those outside the industry may think, insurance companies do not take or accept risk, they understand and manage risk.

**Mark:** I ran into exactly that situation when I spoke recently to the head of new business development of a major insurance carrier at a meeting on insurance innovation. His job was specifically to bring new ideas into the company. I mentioned to him that I had a client with a new idea that he might be interested in. He replied "Great, just as long as it's not XXX insurance".

I asked him, "Why not XXX insurance?" He said that they had just talked to an inventor about that new type of insurance, but his company wasn't interested because they had no experience with it. "So", I said, "You are only interested in new ideas that you already have experience with?" "Yes.", he replied, "That's what we are looking for."

**Tom:** Now we're to my second point: "Don't call it new, call it better". An inventor with a patented new product innovation has, by definition, something that is new, useful, and not obvious. But, in order to have success in selling it to an investor, the inventor has to package it in terms that the investor is most familiar with. By describing an innovation in terms of how it is "better" than an existing product or process, the inventor creates a link or implied transition between old and new. Some of the familiarity of the old is implicitly transferred to the new. That makes investors more comfortable about their financial risk in product development.

**Mark:** That's quite a paradigm shift for inventors. Often inventors have just spent considerable effort convincing the patent office just how new their inventions are. Now you're saying that when these same inventors bring their patented inventions to potential investors, they have to emphasize how similar their ideas are to what the investors are already investing in. Is that it?

**Tom:** Exactly. In a sense, what an inventor needs to sell is not so much a "new" as it is a "better-old". I think a new product or process idea is best presented in terms of how it can replace an existing product or process or how it can do something that the old process doesn't do at all. Start with the status quo. Insurers understand the status quo and will more readily acknowledge the problems in the status quo once an inventor with a better idea points them to a potential solution.

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A recognized problem in the status quo coupled with an innovative, workable solution is a hit. It plays on the dissatisfaction everyone seems to have with the status quo while staying away from the fear of the new and unknown.

**Mark:** Which brings us to your final point, “Don’t waste your time on rejection”. My dad was a salesman and he had a great expression for this:

*Good salesmanship starts with a NO.*

In other words, a swing and a miss is part of the game. Rejection, disappointment, and frustration are part of any sales process. The objective is to learn from the rejection and transform it into a stepping stone to success.

**Tom:** That’s right. Both you and the potential investor want the same thing, success. If you listen with an open mind to a rejection, you will hear the investor telling you exactly what he or she wants to invest in. If you adjust your offering accordingly, you might be able to stretch that base hit into a home run.

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## **Patent Q & A**

### ***Building on Prior Art***

**Question:** I have found some journal articles that provide useful information for improving my invention. If I incorporate what these articles teach into my patent application, will that cause me problems later on?

**Disclaimer:** *The answer below is a discussion of typical practices and is not to be construed as legal advice of any kind. Readers are encouraged to consult with qualified counsel to answer their personal legal questions.*

**Answer:** Usually not, as long as you cite the articles to the patent office.

In fact, quite the opposite may be true. The more you can build upon the prior work of others, the better your invention will be and hence the stronger your patent application will be. The only other choice would be to ignore what these articles teach and that wouldn't be too smart. After all, it's out there and if the information will improve your invention you would be foolish not to use it to do just that.

There is a common reluctance among inventors to incorporate what others have taught into their own patent applications. The concern is this will somehow dilute the notability of their inventions and their patents won't get allowed.

They may be right in the very rare cases where someone has previously taught exactly what the invention is. In the vast majority of cases, however, an inventor needs to adapt the earlier teachings of others in order to use them in their invention. These adaptations become the foundation of a patent.

It has been our experience that patent examiners feel much more comfortable saying "yes" to a patent that acknowledges the contributions of others and builds upon them. The prior teachings of others help to highlight the particularly novel features of an inventor's invention.

The other thing to remember is that the ultimate goal of an inventor is to see the invention adopted as widely as possible. It makes no sense to turn a blind eye on prior teachings that could improve an invention for fear that an inventor might not get a patent. The end goal, after all, is commercial success, not simply getting a patent.

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## **Webinar Notice: How to Speed Up Your Patent Application**

Our **Mark Nowotarski** will be presenting a free webinar entitled “*How to Speed up your Patent Application*”. The webinar will be held on April 30, 2007 at 12 noon to 1 pm Eastern daylight time.

Attendees will receive practical guidance on steps they can take to potentially cut the time it gets their patents in half. The webinar is targeted at start-ups and independent inventors. The webinar is sponsored by the Connecticut Technology Council.

For more information and registration, go to <http://www.ct.org/Events/ViewSchedule.asp?pass=1&ID=2279>, or call Kathy Slater at 860 289 0878 x20

## **Meeting Notice: How to get a Financial Service Patent in Europe**

**Mark Nowotarski** will also be giving a talk on *How to get a Financial Service Patent in Europe* at the innovation session of the upcoming *IPR in Financial Services Forum* in London. The meeting will be held on June 21 – 22, 2007.

Attendees of Mark’s talk will receive practical guidance on how to acquire enough technical innovation for a new financial service invention so that it will stand a greater chance of being patentable under European patent law. The session is targeted at executives of EU financial service institutions (banks, insurance companies, trading exchanges, etc.) and in-house attorneys.

For more information go to: [www.C5-Online.com/iprfinance](http://www.C5-Online.com/iprfinance)

## **Ocean Tomo**

Ocean Tomo recently announced the formation of an **Intellectual Property Enterprise Zone** (the **Zone**) and the **Intellectual Property Exchange Chicago** – both in Chicago.

The goal of the **Zone** is to create an efficient marketplace for Intellectual Property (“IP”) based transactions through the co-location of IP deal makers and transaction experts. It is created in cooperation with the Chicago Chamber of Commerce, the City of Chicago, and the State of Illinois. It will be the Nation’s first marketplace dedicated to technology licensing and other forms of IP monetization. The Zone is scheduled to open during the summer of 2008 and will facilitate technology transfer through a physical co-location of technology buyers, sellers, licensors and licensees as well as an intellectual property exchange.

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Within the **Zone**, the **Intellectual Property Exchange Chicago (IPX or IPX Chicago)** is planned as the world's first securities exchange with an intellectual property focus. **IPX Chicago** will enable investor and company participation in a broad spectrum of IP-related financial products such as qualified equity listing/co-listing; IP related indexes, futures and options; IP backed bonds and securitizations; patent rich company IPOs; and, new IP-based exchange traded products.

In addition, you may be interested in reading more about the Ocean Tomo 300<sup>®</sup> Patent Index at: <http://www.oceantomo.com/ot300.html>. For general information on ocean Tomo go to: <http://www.oceantomo.com>.

## Statistics

### An Update on Current Patent Activity

The table below provides the latest statistics in overall class 705 and subclass 4. The data shows issued patents and published patent applications for this class and subclass.

Issued Patents as of 4/10/07			Published Patent <i>Applications</i> as of 4/12/07		
	Class 705	Subclass 4		Class 705	Subclass 4
YEAR	#	#	YEAR	#	#
2007	575	9	2007	1,823	56
2006	2,223	44	2006	6,115	169
2005	1,453	30	2005	6,300	148
2004	997	23	2004	5,590	156
2003	969	21	2003	6,009	128
2002	887	15	2002	6,135	164
2001	880	19	2001	1,326	30
2000	1,062	29	<b>TOTAL</b>	<b>33,298</b>	<b>851</b>
1999	1,005	36			
1998	745	20			
1978-1997	2,778	47			
1976-1977	80	0			
<b>TOTAL</b>	<b>13,654</b>	<b>293</b>			

Class 705 is defined as: DATA PROCESSING: FINANCIAL, BUSINESS PRACTICE, MANAGEMENT, OR COST/PRICE DETERMINATION.

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Subclass 4 is used to identify claims in class 705 which are related to: *Insurance* (e.g., *computer implemented system or method for writing insurance policy, processing insurance claim, etc.*).

## Issued Patents

Eight newly issued patents during the period mid-February to mid-April 2007 brings the total in class 705/4 to 9 through 4/10/2007.

Patents are categorized based on their claims. Some of these newly issued patents, therefore, may have only a slight link to insurance based on only one or a small number of the claims therein.

The [Resources](#) section provides a link to a detailed list of these newly issued patents.

## Published Patent Applications

A total of 56 patent applications (17 in the last two months) have been published during the period mid-February to mid-April 2007 indicating continued patent activity in class 705/4.

The [Resources](#) section provides a link to a detailed list of these newly published patent applications.

## Again, a reminder -

Patent applications have been published 18 months after their filing date only since March 15, 2001. Therefore, there are many pending applications that are not yet published. A conservative assumption would be that there are, currently, about 200 new patent applications filed every 18 months in class 705/4.

The published patent applications included in the table above are not reduced when applications are either issued as patents or abandoned. Therefore, the table only gives an indication of the number of patent applications currently pending.



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## Resources

[Recently published U.S. Patents and U.S. Patent Applications](#) with claims in class 705/4.

**The following are links to web sites which contain information helpful to understanding intellectual property.**

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United States Patent and Trademark Office (USPTO): *Homepage* - <http://www.uspto.gov>

United States Patent and Trademark Office (USPTO): *Patent Application Information Retrieval* - <http://portal.uspto.gov/external/portal/pair>

Free Patents Online - <http://www.freepatentsonline.com/>

Provides free patent searching, with pdf downloading, search management functions, collaborative document folders, etc.

US Patent Search - <http://www.us-patent-search.com/>

Offers downloads of full pdf and tiff patents and patent applications free

World Intellectual Property Organization (WIPO) - <http://www.wipo.org/pct/en>

Patent Law and Regulation - <http://www.uspto.gov/web/patents/legis.htm>

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## **Here is how to call the USPTO Inventors Assistance Center:**

- Dial the USPTO's main number, 1 (800) 786-9199.
- At the first prompt press 2.
- At the second prompt press 4.
- You will then be connected to an operator.
- Ask to be connected to the Inventors Assistance Center.
- You will then listen to a prerecorded message before being connected to a person who can help you.

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## **The following links will take you to the authors' websites**

Mark Nowotarski - Patent Agent services – <http://www.marketsandpatents.com/>

Tom Bakos, FSA, MAAA - Actuarial services – <http://www.BakosEnterprises.com>