



Update on Business Methods
for the
Business Methods Partnership Meeting
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Group 3620, 3690

Class 705

Wynn Coggins – Director 3620, 3690 (Business Methods)

3620 Workgroup

- ◆ AU 3621 - Business Cryptography, **Andrew Fischer, SPE**
- ◆ AU 3622 - Incentive Programs/Coupons, **Eric Stamber, SPE**
- ◆ AU 3623 - Operations Research/Voting, **Tariq Hafiz, SPE**
- ◆ AU 3625 - E-shopping, **Jeffrey Smith, SPE**
- ◆ AU 3626 - Health Care/Insurance, **Joseph Thomas, SPE (Luke Gilligan acting)**
- ◆ AU 3627 - Point-of-Sale/Inventory/Accounting, **F. Ryan Zeender, SPE**
- ◆ AU 3628 - Cost/Price, Reservations, Transportation **John Hayes, SPE**
- ◆ AU 3629 – Business Processing, **John Weiss, SPE**



Group 3620, 3690 Class 705

Wynn Coggins – Director 3620, 3690 (Business Methods)

3690 Workgroup (Finance and Banking)

- ◆ AU 3691 - Finance & Banking, **Alexander Kalinowski, SPE**
- ◆ AU 3692 - Finance & Banking, **Vacant (James (Jay) Kramer, SPE, Acting)**
- ◆ AU 3693 - Finance & Banking, **James (Jay) Kramer, SPE**
- ◆ AU 3694 - Finance & Banking, **James Trammell, SPE**



Search Experts in Class 705

3620 Workgroup

◆ 705/50-79	AU 3621	Kambiz Abdi	571-272-6702	KNX 5A59
◆ 705/14	AU 3622	Yehdega Retta	571-272-6723	KNX 5D79
◆ 705/7-12	AU 3623	C. Michelle Tarae	571-272-6727	KNX 5A05
◆ 705/ 26,27	AU 3625	Matthew Gart	571-272-3955	KNX 5D01
◆ 705/2-4	AU 3626	C. Luke Gilligan	571-272-6770	KNX 5A15
◆ 705/15-25,28-34	AU 3627	Michael Cuff	571-272-6778	KNX 5D29
◆ 705/5-6,13,400-418	AU 3628	Thomas Dixon	571-272-6803	KNX 5D21
◆ 705/1,80,500	AU 3629	Janice Mooneyham	571-272-6805	KNX 5D89



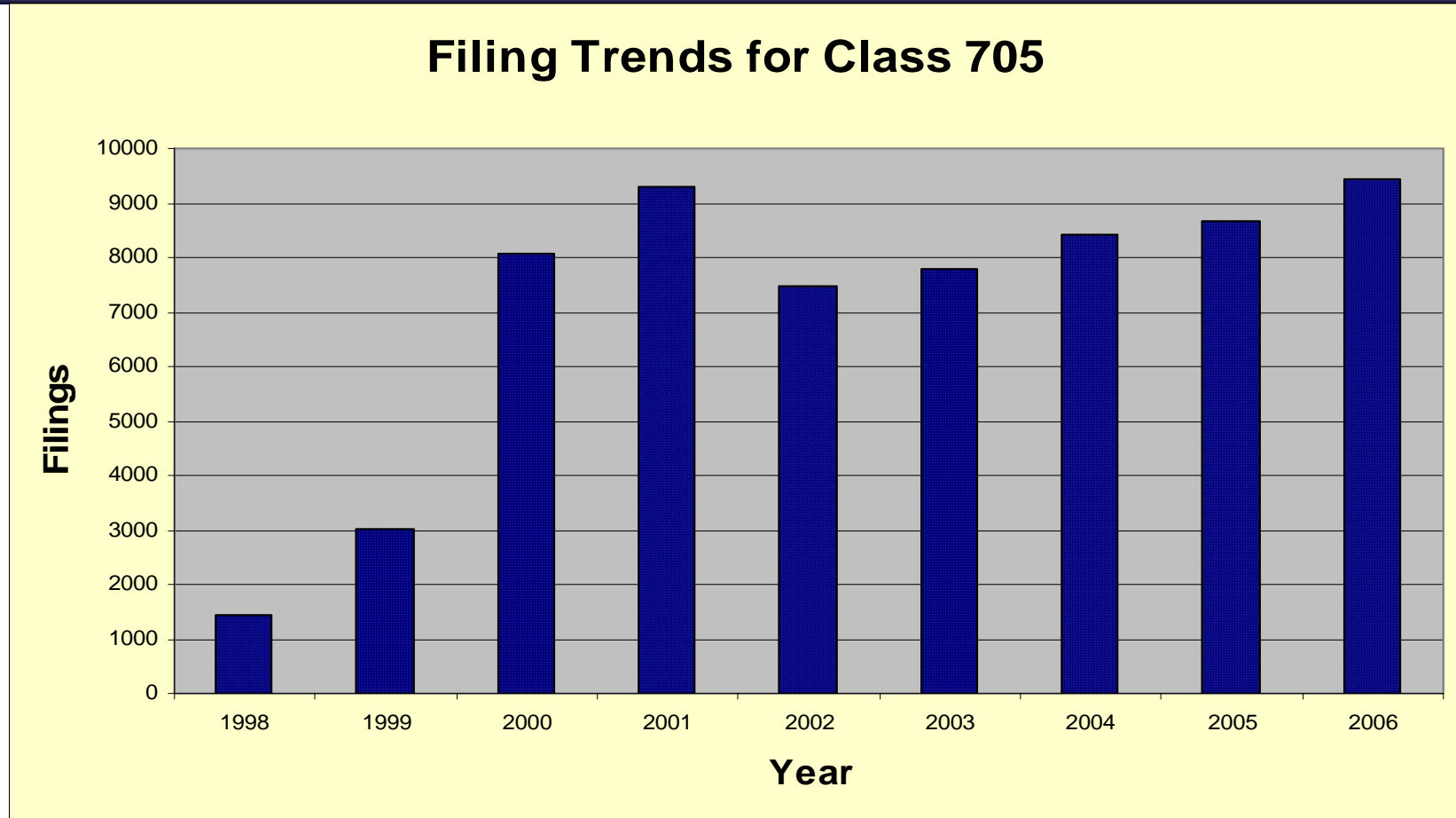
Search Experts in Class 705

3690 Workgroup (Finance and Banking)

◆ 705/35-45	AU 3691	Stefanos Karmis	571-272-6744	KNX 5D34
◆ 705/35-45	AU 3692	Narayanswamy Subramanian	571-272-6751	KNX 5A81
◆ 705/35-45	AU 3693	Jagdish Patel	571-272-6748	KNX 5D69
◆ 705/35-45	AU 3694	Susanna Meinecke-Diaz	571-272-6733	KNX 5A79



Filing Trends in Class 705



Note: Filings in FY 2000-2001 indicate response to the internet "bubble".



Pendency in Class 705 (At Mid-year 2007)

- **Pendency to First Action = 44 months**
- **Pendency to Issue/Abandonment = 54 months**



Allowance Rate Trends in Class 705

- FY 2001 = 45%
- FY 2002 = 44%
- FY 2003 = 16%
- FY 2004 = 11%
- FY 2005 = 11%
- FY 2006 = 19%
- at mid year 2007 = 20%



Allowance Rate Trends in Class 705

- **Note: an increase in the allowance rate from FY 2004 to mid year 2007 is significant.**
 - **We have gotten through the majority of the “bubble” cases that were filed in FY 2000 that contained very broad claims that were not allowable.**
 - **The cases the examiners are now working on have noticeably narrower claims as a whole and we expect the allowance rate to continue to rise as a result.**



Assignees for Patent Grants in Class 705 (2001-2005)

- IBM = 137
- PITNEY-BOWES = 90
- NCR = 49
- WALKER DIGITAL = 49
- HITACHI = 37
- FUJITSU = 32
- MATSUSHITA ELECTRIC = 25
- SONY = 24
- CONTENTGUARD = 22
- FRANCO TYP-POSTALIA = 22



Examiner Growth

<u>Year</u>	<u>FY '01</u>	<u>FY '02</u>	<u>FY '03</u>	<u>FY '04</u>	<u>FY '05</u>	<u>FY '06</u>	<u>FY '07*</u>
Number of Examiners	77	125	110	116	133	147	197
Patents Issued	433	492	495	283	710	1,191	714
Allowance Rate	45%	44%	16%	11%	11%	19%	20%

* FY'07 is at Mid Year



Planned Growth in the Finance Arts

- **We added two new finance art units in the beginning of FY 2007. We currently have 4 finance art units.**
- **We plan to double that and add 4 new finance art units in FY 2008 for a total of 8 art units.**
 - **In the Finance Arts, we will increase from 48 examiners in beginning of FY '07 to 100 examiners by the end of FY '07.**



Business Methods Web Site

<http://www.uspto.gov/web/menu/pbmethod/>

Examples of what is posted:

- Federal Register Notice requesting public input on NPL searching
- Overview of Interim Guidelines for Subject Matter Eligibility
- 103 rejection examples
- Class 705 white paper, core databases and classification definitions
- Class 705 manager contacts list
- March 2000 Director Initiatives
- Revised MPEP 2106 – Examination guidelines for business methods
- The paper “Successfully Preparing and Prosecuting a Business Method patent Application”
- Thank you to our industry training volunteers



Quality

- **Enhanced Technical Training**
 - **We have worked aggressively to identify examiner educational needs in the business method areas, and we have solicited Industry to provide technical training on business method-related topics. Examples of our recent participating organizations:**
 - **ABA Section of Taxation**
 - **ABA Section of Real Property, Probate, and Trust**
 - **New York State Bar Tax Section**
 - **IRS**
 - **CheckFree**
 - **Travelers Insurance**
 - **The Federal Reserve**
 - **Sensory Logic**
 - **Microsoft**



Quality

- **Enhanced Technical Training (cont.)**
 - We have communicated areas of training needs with partnership organizations.
 - We encourage you to help us identify prior art.
 - We have expanded the after-hours technical training program to include business related courses.
 - Examiners can take classes in topics like finance, insurance, tax, and operations research.
 - Examiners can ultimately achieve their MBA.



Quality

- **We have developed in-house training specific to Business methods. Examples:**
 - **Improving skills in identifying patentable subject matter.**
 - **Restriction training with specific examples.**
 - **Board of Patent Appeals and Interferences (BPAI) common red flags.**
 - **Claim interpretation.**
 - **103 topics e.g. refresher on the Graham v. John Deere analysis.**
 - **Search techniques and using the 705 search template.**



Quality – Improving How We Get Prior Art to the Examiners

■ Examiner's Electronic Digest

- Examiners can submit art for scanning into this database for others to search.

■ NPL Webpage

- Business methods has it's own NPL webpage that is a collection of links specific to the technology of business methods.
 - Links include databases (Dialog, ProQuest etc.) websites, daily newspapers, dictionaries, books and journals.
 - Recommended internet sites to search.
 - Web reference tools.
 - i.e. the Wayback machine which provides a mechanism to date web sites



Quality – Improving How We Get Prior Art to the Examiners

- **Text search strategy tool which provides:**
 - **Thesaurus and like terms tool**
 - i.e. input “financial instruments”; output = “stocks, bonds, futures”
 - Helpful for examiners to identify known and used terms of art and broaden their search
 - **3000+ business/computer terms for text searching have been loaded.**
 - **It can be dynamically updated through direct examiner input.**



Quality – Improving How We Get Prior Art to the Examiners

- **A frequently used patents database has been developed.**
 - **It has identified and documented for reference:**
 - **Foundational patents**
 - **Good overview patents**
 - **Ground breaking patents**
 - **State of the art patents**



Prior Art

- **The USPTO is always looking for ways to ensure that examiners have the best prior art as early as possible in the examination process. Our data shows that when examiners have the right art in front of them, they make the right decisions.**



We Need Your Help!

- **We need industry input on prior art resources. Let us know about:**
 - **Databases**
 - **Books, Technical Reports, and Conference Proceedings, Journals**
 - **Web-based Resources**



Quality

- **21st Century Strategic Plan Quality initiatives.**
 - **In Process reviews of examiner actions.**
 - To help identify areas for improvement.
 - **Certification of examiners from the GS-12 to GS-13.**
 - Requires testing for promotion to the GS-13.
 - **Recertification of primary examiners.**
 - Through comprehensive work reviews.



Quality

- **Allowance Conferences and Appeal Conferences have become the focus.**
 - **Results in better and immediate feedback to examiners.**
 - **Case reviewed at time of allowance or appeal.**



Pre-Appeal Brief Conferences

- **Pre-Appeal Brief Conferences**
 - **Examiner, supervisor, and Appeal Practice Specialist participate.**
 - **Formal review before the appeal brief is filed.**
 - **Allows applicant the opportunity to have rejections believed to be clearly wrong reviewed prior to the filing of an appeal brief.**
 - **Potentially eliminating the cost of preparing appeal briefs through early recognition that an application is not ready for appeal.**



Appeal Conferences

- **Appeal Conferences**
 - **Examiner, supervisor, and Appeal Practice Specialist participate.**
 - **Mandatory in all cases where an acceptable appeal brief has been filed.**
 - **Substantive review of issues prior to forwarding appeal to the Board of Patent Appeals and Interferences (BPAI).**
 - **Potential time savings in cases where issues can be resolved prior to forwarding to the BPAI.**



Legal Update

- **USPTO's interim 101 Guidelines are still operative**
- **Ex Parte Bilski**
 - **"Informative Opinion" issued 09/26/06**
 - **The opinion is available at:**
www.USPTO.gov.
 - **Currently on Appeal to Federal Circuit**
 - **USPTO's Brief filed at CAFC June 13, 2007**



Legal Update

- **Ex Parte Bilski (continued)**
 - **Non-machine implemented process claims appear to fail the transformation test.**
 - **With data processing arts like business methods, the majority opinion in Bilski suggests that transformation does not occur in non-machine implemented processes claims, and that these claims would not qualify as subject matter eligible for patent protection under 35 USC 101.**
 - **In the five member Board panel, four members expressly incorporate by reference the legal analysis of the concurring-in-part/dissenting-in-part opinion of Lundgren.**
 - **Note however, the majority contrasts the Lundgren (concurrence/dissent) tests for statutory subject matter with the interim Guidelines although in this case both produce the same result.**



Legal Update

- **Ex Parte Comiskey**
 - Board Decision Mailed Jan 24, 2006
 - Available at: www.USPTO.gov
 - Currently on Appeal to Federal Circuit
 - One of the issues in Comiskey is “An invention that Depends on Utility for Positive Law, Rather than Laws of Nature, May be Outside the Scope of 101”.
 - Under section 101, a claimed invention can only be patented if it is “useful”.
 - “The utility requirement of [35 USC] 101 mandates that the invention be operable to achieve useful results.” In re Swartz, 232 F.3d 862, 863 (Fed. Cir. 2000).



Defense to Infringement

- In the American Inventors Protection Act of 1999, Congress created a defense to infringement suits for those who had begun, and not abandoned, the commercial use of business methods that were reduced to practice more than a year before the filing date of a patent on the business method by another.
 - This defense alone does not invalidate the patent itself.
 - We know of no decisions on the “first inventor defense”.



Hiring Pilot For the Finance Art Units

- **The USPTO currently has a proposal before the Office of Personnel Management that would allow the USPTO to pilot hiring patent examiners with specific backgrounds in finance, tax and insurance.**
- **This is an important initiative that would allow us to hire outside the current OPM guidelines which require a science or engineering background to qualify as an examiner.**



Specialized Education of Finance Area Examiners

- We currently have 68 examiners working in the finance arts of business methods.
- We will add 37 more examiners in the area by the end of FY '07.
- Within the current staff, 1 examiner holds a PhD in finance and is a past associate professor of finance at the Univ. of Maryland.
 - 31 examiners have either an MBA or a masters in Finance, 11 examiners have a law degree, 1 examiner has a Masters in Economics, and 1 examiner has an undergraduate degree in finance.



Tax Strategy Patents

- Recently, subclass 36T in Class 705 has been established and dedicated to tax strategies.
- We have identified 60 issued patents related to tax strategy. Further, 86 published applications, not yet examined, relate to tax strategy.
- This is a very small area of business methods.
 - To put it in perspective, over 9,000 applications were filed last year in business methods, while only approximately 100 patents and patent publications exist in the tax strategy area to date.



Tax Strategy Patents: Current Pendency

- **The average pendency to first office action in the tax strategy area is consistent with all other applications filed in business methods.**
 - **Pendency to First Action = 44 month**
 - **Pendency to Issue/Abandonment = 54 months**



Tax Strategy Patents: USPTO Outreach Efforts

- **To gain knowledge and improve our examination of applications relating to tax strategies, the USPTO is working on developing two significant relationships.**
 - **The USPTO has partnered with the IRS and is currently developing a partnership with the American Bar Association's Section of Taxation (ABA) to pursue training and information exchange opportunities.**
 - **The partnership with the IRS has resulted in training by the IRS for our finance examiners on financial products, wealth transfer, and pensions.**



Thank You