

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BMC SOFTWARE, INC.,
Petitioner,

v.

ZIT CONSULTING GMBH,
Patent Owner.

Case CBM2016-00044
Patent 8,904,405 B1

Before JUSTIN T. ARBES, THOMAS L. GIANNETTI, and
KERRY BEGLEY, *Administrative Patent Judges*.

GIANNETTI, *Administrative Patent Judge*.

DECISION
Denying Institution of Covered Business Method Patent Review
37 C.F.R. § 42.208

Petitioner, BMC Software, Inc., filed a Corrected Petition (Paper 4, “Petition” or “Pet.”) to institute a covered business method patent review of claims 1–29 of U.S. Patent No. 8,904,405 B1 (Ex. 1001, “the ’405 patent”) pursuant to 35 U.S.C. §§ 321–328. Patent Owner, zIT Consulting GmbH, filed a Preliminary Response (Paper 9, “Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 324.

I. INTRODUCTION

The standard for instituting a covered business method patent review is set forth in 35 U.S.C. § 324(a):

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.

Upon consideration of the Petition and Preliminary Response, we determine Petitioner has failed to meet the jurisdictional requirements of Section 18 of the America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”). Accordingly, we deny the Petition as to claims 1–29 for the reasons discussed below.

A. The ’405 Patent (Ex. 1001)

The ’405 patent, titled “System and Method for Managing Mainframe Computer System Usage,” issued on December 2, 2014. The patent relates to managing mainframe computer system usage for large mainframe computers. Ex. 1001, col. 1, ll. 16–17. More particularly, it relates to managing processing limits of logical partitions executed by such

computers. *Id.* at col. 1, ll. 17–18. The Background of the Invention refers specifically to IBM’s System z computing platform. *Id.* at col. 1, ll. 38–45. According to the patent, IBM allows System z users to manually set a usage limit, referred to as a Defined Capacity (DC), for each logical partition (LPAR). *Id.* at col. 1, ll. 48–49. IBM also allows users to manually set a usage limit for a group of LPARs, referred to as a Group Capacity Limit (GCL). *Id.* at col. 1, ll. 49–53.

One objective of the patent is to manage computer system workload performance for System z. *Id.* at col.1, l. 64–col. 2, l. 52. Another is to control costs by managing usage of the system using DCs and GCLs. *Id.* at col. 2, l. 53–col. 3, l. 2.

The invention is described in the ’405 patent Abstract as follows:

In mainframe computer system[s], workload tasks are accomplished using a logically partitioned data processing system, where the partitioned data processing system is divided into multiple logical partitions. In a system and method managing such a computer system, each running workload tasks that can be classified based on time criticality, and groups of logical partitions can be freely defined. Processing capacity limits for the logical partitions in a group of logical partitions based upon defined processing capacity thresholds and upon an iterative determination of how much capacity is needed for time critical workload tasks. Workload can be balanced between logical partitions within a group, to prevent surplus processing capacity being used to run not time critical workload on one logical partition when another logical partition running only time critical workload tasks faces processing deficit.

Id. at Abstract.

B. Related Matters

The parties identify one related civil action: *zIT Consulting GmbH v. BMC Software, Inc.*, Civil Action No. 6:15-cv-01012 (M.D. Fla.). Pet. 10; Paper 7. In addition, Petitioner has filed a request for a post-grant review of a related patent in Case PGR2016-00013. Pet. 10.

C. Illustrative Claim

Of the challenged claims, claims 1, 14, 20, and 25 are independent. Claim 1 is reproduced below:

1. A method for managing mainframe computer system usage comprising:
 - establishing a first group definition, the first group definition including first and second logical partitions executed by the mainframe computer system;
 - establishing a first group policy, the first group policy including first and second partition processing capacity limits, and a time criticality level for each of a plurality of workload tasks assigned to the first and second logical partitions, each time criticality level indicating whether the workload task associated therewith is time critical or not time critical;
 - monitoring performance of the first and second logical partitions in executing the plurality of workload tasks;
 - determining, based on the performance monitoring and the first group policy, if either of the first and second logical partitions has a capacity deficit or a capacity surplus; and
 - if one of the first and second logical partitions is determined to have a capacity deficit while the other is determined to have a capacity surplus, automatically balancing the first and second partition processing capacity limits.

D. The Asserted Grounds

Petitioner requests review of claims 1–29 of the '405 patent on the grounds that these claims are unpatentable under 35 U.S.C. §§ 101 and 103.

Pet. 11–12.

Petitioner relies on the following documents as prior art to the '405 patent under post-AIA 35 U.S.C. § 102(a):

1. AutoSoftCapping (ASC) Presentation (Ex. 1004);
2. Sysplex Aggregation (Ex. 1005);
3. “WLM Redbook,” *System Programmer’s Guide to: Workload Manager* (Ex. 1006);
4. ‘IRD Redbook,’ *z/OS Intelligent Resource Director* (Ex. 1007); and
5. U.S. Patent Application Publication No. 2011/0213886 A1 (Sept. 1, 2011) (Ex. 1023).

Pet. 11–12. Petitioner relies also on a Declaration from Alan J. Smith, Ph.D. Ex. 1003.

II. ANALYSIS

Whether the '405 Patent Is a Covered Business Method Patent

A threshold question is whether the '405 patent is a “covered business method patent,” as defined by the AIA. For the reasons explained below, we conclude that the '405 patent is not a “covered business method patent.”

A covered business method patent is “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.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). The parties dispute whether the '405 patent meets this requirement.

Petitioner argues that the '405 patent meets the requirement of the statute because it claims a method used in the management of a financial product. Pet. 3–7. Petitioner claims the patent claims “a method described as being for managing IBM’s software licensing contract.” *Id.* at 4.

According to Petitioner, that licensing contract is “a financial product.” *Id.*

We are not persuaded by this argument. As noted *supra*, the title of the '405 patent is “System and Method for Managing Mainframe Computer System Usage.” The Specification describes the Field of Invention as “managing mainframe computer system usage, and more particularly, . . . managing processing capacity limits of logical partitions executed thereby.” Ex. 1001, col. 1, ll. 16–18. Consistent with this description, the independent claim preambles each recite, “A method for managing mainframe computer system usage.” We conclude from this that the patent is not directed to managing a software license contract, but rather the physical usage of a computer system. The fact that by managing usage, certain costs may be reduced, does not meet the criteria of the statute. Saving money is not necessarily a financial activity under the covered business method patent review statute. If it were, then every patent that led to a cost reduction would qualify for review. As Patent Owner argues persuasively, “virtually every patented invention is intended to confer a financial benefit on its user.” Prelim. Resp. 8.

Petitioner’s second argument asserts that the '405 patent “targets a tool specifically designed for the financial sector: System z.” Pet. 5. Petitioner relies on the '405 patent Specification, which states, in discussing “a trend toward more commercial computer users owning and operating their own computer systems,”

One exception includes those computer users whose computing needs are particularly massive and/or require exceptional reliability, redundancy or security. Examples of such users include very large corporations, and especially financial sector corporations such as banks,

exchanges, brokerages and the like. These types of corporations will often contract with third-party providers to supply their computing needs.

Ex. 1001, col. 1, ll. 27–37. The ’405 patent goes on to identify IBM as “[t]he preeminent example of a third party provider of computing services,” and specifically identifies IBM’s System z. *Id.* at col. 1, ll. 38–45. From this, Petitioner concludes that “[i]n at least these two senses, the claims target a method to manage a financial product.” Pet. 6.

We disagree that a “tool of the financial sector” is “targeted” by the ’405 patent claims. *Id.* at 5. For the reasons previously stated, we view the claims as directed to managing usage of a computer system. Petitioner shows us nothing in the Specification or claims that requires a particular computer system or industry. As noted in the quote reproduced above, the Specification discusses generally computer users “whose computing needs are particularly massive and/or require exceptional reliability, redundancy or security.” Ex. 1001, col. 1, ll. 31–33. IBM and System z are introduced as examples (albeit “preeminent”) of providers of such computer services. Nor is the Specification, by referring to “banks, exchanges, brokerages, and the like,” tying the invention to a particular industry or application. *Id.* at col. 1, ll. 33–36. In fact, the claimed methods can be used in any industry.

We are not persuaded by Petitioner’s cited authorities. Pet. 6–7. In *Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306 (Fed. Cir. 2015), the patent included claims directed to determining the price of a product. *Id.* at 1312. Here, Petitioner concedes that the ’405 patent claims “on their face, do not recite a financial limitation.” Pet. 6. Petitioner relies also on several non-precedential decisions by panels of the Board. *Id.* at 6–

7. According to Petitioner, “the present case compares favorably to cases in which the PTAB found claims to be CBM qualified.” *Id.* at 6. We recognize that other panels have considered evidence of the problem addressed in the specification in determining eligibility for review under AIA § 18. Although these decisions identify factors that a panel may weigh in reaching its decision on eligibility, we are not bound by the particular factors considered in those cases or by the outcomes. We must determine eligibility in this case based on the arguments and evidence before us here.

We note also that other panels of the Board, on similar facts, have reached an opposite conclusion from that urged by Petitioner. *See, e.g., AT&T Mobility LLC v. Intellectual Ventures II LLC*, Case CBM2015-00185, slip op. at 11 (PTAB May 4, 2016) (Paper 10) (“[S]tatements in the specification that a claimed invention has particular utility in financial applications may weigh in favor of determining that a patent is eligible for a covered business patent review; however, we do not find covered business method patent review available for patents that claim generally useful technologies that also happen to be useful to financial applications.”).

In short, for the reasons stated, we are not persuaded by Petitioner’s argument that the ’405 patent claims are directed to methods for performing data processing or other operations used in the practice, administration, or management of a financial product or service. The Specification describes a method that has general utility. No special applicability of the patented method to the financial services industry, or financial products or services, is indicated. And no advantages particular to that industry, products, or services are described.

III. CONCLUSION

For the foregoing reasons, we are not persuaded that the information presented in the Petition establishes that the '405 patent qualifies as a covered business method patent under Section 18 of the AIA. Petitioner has failed to meet the jurisdictional requirements for instituting a covered business method patent review.

IV. ORDER

Accordingly, it is ORDERED that the Petition is *denied* for the reasons discussed.

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