Mastermine v. Microsoft: Following Precedent or Pivoting Away?
By Adam Fowles

At the end of October, in *Mastermine Software, Inc. v. Microsoft Corp.*, No. 2016-2465 (Fed. Cir. Oct. 30, 2017), the Federal Circuit reversed a district court's determination that a system claim was invalid for indefiniteness. The Federal Circuit disagreed with the district court's conclusion that certain claims were indefinite for improperly claiming two different classes of subject matter.[1] The court found that the claims informed those skilled in the art with "reasonable certainty"[2] in conformity with the *Nautilus* guidance, specifically on the basis that one can determine when infringement occurs.[3]

Overview of the District Court's decision

Mastermine asserted U.S. Patent Nos. 7,945,850 and 8,429,518 against Microsoft in the U.S. District Court for the District of Minnesota. In its claim construction order, the District Court held that claims in both patents were invalid for indefiniteness for claiming two different classes – apparatus and method.[4] Claim 8 of the '850 Patent recites, in part:

> 8.   A system comprising:
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> a database adapted to store customer relationship management (CRM) records containing CRM data;
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> a programmable processor adapted to execute a CRM software application and a spreadsheet software application;
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> a reporting module installed within the CRM software application, wherein the CRM software application includes a plurality of report toolkits, each report toolkit defining one or more report templates
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> …
>
> wherein the reporting module installed within the CRM software application presents a set of user-selectable database fields as a function of the selected report template, receives from the user a selection of one or more of

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[1] *Mastermine Software, Inc. v. Microsoft Corp.*, No. 2016-2465, slip op. at 4 (Fed. Cir. Oct. 30, 2017).
[2] *Id.* at 17.
[3] *Id.*
[4] *Id.* at 4 (claims 8 and 10 in the '850 Patent, claims 1-3 in the '518 Patent).

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the user-selectable database fields, and generates a database query as a function of the user selected database fields

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For the District Court, the problem with the system claim was in the "wherein" clause, with the recitation of the active verbs "presents," "receives," and "generates."[5] Mastermine argued that this language described "capabilities of the system," while Microsoft argued that these were method steps.[6] The District Court, acknowledging that "this issue is very close," ultimately sided with Microsoft that the claim language positively recited method steps. The District Court concluded that the claim was therefore indefinite because it was unclear whether the claim was infringed "by a *thing* (a system that practices each element of claim 8) or by *acts* (including the presentation of a set of user-selectable database fields, the receipt from the user of a selection of one or more of those fields, and the generation of a database query)."[7]

The District Court found two points particularly persuasive: (1) the same claim 8 recites elsewhere that the reporting module is "adapted to" perform different actions including examination and communication; and (2) the system cannot act, per the claim language at issue, "until the user *makes* a selection."[8] The District Court also emphasized its position that the claims at issue recited language similar to that found indefinite in *Rembrandt*.[9] In particular, the District Court found that claim 8's language recited performance of method steps by a system, which *Rembrandt* "makes clear" is "impermissible."[10]

Overview of the Federal Circuit's decision

On appeal, the Federal Circuit disagreed that the claim language constituted method steps in a system claim, and disagreed that the claim language was indefinite.[11] The Federal Circuit acknowledged the Supreme Court's guidance in *Nautilus*: that claims are indefinite if they do not "inform those skilled in the art about the scope of the invention with reasonable certainty."[12] To determine whether there was "reasonable certainty," the Federal Circuit analyzed whether it was clear if infringement would occur in the creation of an infringing system or in the use of the system in an infringing manner.[13]

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[5] *Mastermine Software, Inc. v. Microsoft Corp.*, Case No. 13-CV-0971 (PJS/TNL), Dkt. No. 211, slip op. at 19-23 (D. Minn. May 6, 2016).
[6] *Id.* at 19-20.
[7] *Id.*at 21 (emphasis in original).
[8] *Id.* at 20-21 (emphasis in original).
[9] *Rembrandt Data Techs., LP v. AOL, LLC*, 641 F.3d 1331, 1339 (Fed. Cir. 2011).
[10] *Mastermine Software, Inc. v. Microsoft Corp.*, Case No. 13-CV-0971 (PJS/TNL), Dkt. No. 211, slip op. at 21.
[11] *Mastermine Software, Inc. v. Microsoft Corp.*, No. 2016-2465, slip op. at 2, 17 (Fed. Cir. Oct. 30, 2017).
[12] *Id.* at 10 (quoting *Nautilus, Inc. v Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2129 (2014)).
[13] *Id.* at 10-11, 16.

To answer that question, the Federal Circuit looked at whether the claims recited functional language for corresponding structure, or a mix of method and apparatus language.[14] The Federal Circuit first acknowledged that functional language is permissible not only in means-plus-function claims, but also to limit structure without the means-plus-function format.[15] According to the Federal Circuit, "[i]n our view, these claims are simply apparatus claims with proper functional language,"[16] and based on this characterization, the claims were not interpreted as introducing method elements into a system claim.[17]

The Federal Circuit then stepped through its precedent on the issue of method elements in system claims, focusing specifically on whether the language "claim[s] activities performed by the user" as well as on whether the language is "specifically tied to structure."[18] The Federal Circuit found that the claims at issue were distinguishable over the facts present in *IPXL Holdings, LLC v. Amazon.com, Inc.*,[19] *In re Katz Interactive Call Processing Patent Litigation*,[20] and *Rembrandt Data Techs., LP v. AOL LLC*.[21]

For both *IPXL Holdings* and *In re Katz*, the distinguishing fact was that the claims at issue actively claimed a user performing an action (as opposed to the system receiving something from/because of a user).[22] For example, the claims in *IPXL Holdings* recited that a user "uses the input means" to affect a transaction, and the claims in *In re Katz* recited that a user "digitally enter[s] data."[23] The Federal Circuit found that the relevant claims in Mastermine's patents were drafted from the system perspective, and particularly "focus on the capabilities of the system," not user action.[24]

For *Rembrandt*, the distinguishing fact was that the claims at issue recited the action "in isolation" – the other limitations described various means for accomplishing the recited functions while the "transmitting" language was functional without any corresponding means recitation.[25] In contrast, the Federal Circuit found that Mastermine's patent claims recited functional language "specifically tied to structure," rather than simply in isolation, thus distinguishing *Rembrandt*.[26]

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[14] *Id.* at 11.
[15] *Id.*
[16] *Id.*
[17] *Mastermine Software, Inc. v. Microsoft Corp.*, No. 2016-2465, slip op. at 11 (Fed. Cir. Oct. 30, 2017).
[18] *Id.* at 16.
[19] 430 F.3d 1377 (Fed. Cir. 2005).
[20] 639 F.3d 1303 (Fed. Cir. 2011).
[21] 641 F.3d 1331 (Fed. Cir. 2011).
[22] *Mastermine Software, Inc. v. Microsoft Corp.*, No. 2016-2465, slip op. at 11-12 (Fed. Cir. Oct. 30, 2017).
[23] *Id.*
[24] *Id.* at 16.
[25] *Id.* at 12-13, 16.
[26] *Id.* at 16.

Because the claims in Mastermine's patents both focused on actions by a single entity and tied the functional language to claimed structure, the Federal Circuit found that "infringement occurs when one makes, uses, offers to sell, or sells the claimed system."[27] This was sufficient for the Federal Circuit to conclude that the claims "inform those skilled in the art about the scope of the invention with reasonable certainty."[28]

Did the Federal Circuit follow the precedent established by the Nautilus case?

Did the Federal Circuit ignore the guidance the Supreme Court provided in *Nautilus*? It does not appear so. On the face of the opinion in *Mastermine*, the Federal Circuit based its decision on whether the claims met the lower "reasonable certainty" test, and couched its conclusion in that same language.[29] In doing so, the Federal Circuit used the question of whether infringement occurs when creating an infringing system or when using the system in an infringing manner as a shorthand to assess the "reasonable certainty" standard.[30]

Given the procedural posture and fact scenario of this case, that approach made sense for the Federal Circuit. The question for the Federal Circuit on the issue of indefiniteness was whether the claims actually captured both an apparatus and a method for using the apparatus.[31] The precedent on this point that was followed by the District Court and Federal Circuit included cases decided before *Nautilus*, but cannot be said to contradict the holding in *Nautilus*. For example, the Federal Circuit in *HTC Corp. v. IPCom GmbH & Co., KG*[32] did not explicitly base its conclusion on the prior "insolubly ambiguous" standard, and although the Federal Circuit did utilize that standard in *Microprocessor Enhancement Corp. v. Tex. Instruments Inc. (MEC)*,[33] it cannot be said that that case would have been decided differently under the *Nautilus* precedent.

UltimatePointer, LLC v. Nintendo Co.[34] suggests that the *MEC* decision would not have changed under *Nautilus*: it demonstrates that the Federal Circuit does not view its precedent regarding a single claim covering both an apparatus and a method of use of that apparatus to be in conflict with the "reasonable certainty" holding.[35] Instead, the Federal Circuit's recent decisions (including *UltimatePointer* and *Mastermine*) suggest that the Federal Circuit views the answer to whether a claim covers both apparatus and method types to be, itself, an answer to the "reasonable certainty" question. If a claim does not cover both apparatus and

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[27] *Id.* at 17.
[28] *Mastermine Software, Inc. v. Microsoft Corp.*, No. 2016-2465, slip op. at 17 (Fed. Cir. Oct. 30, 2017).
[29] *Id.* at 10, 17.
[30] *Id.* at 10-17.
[31] *Id.* at 2.
[32] 667 F.3d 1270 (Fed. Cir. 2012).
[33] 520 F.3d 1367 (Fed. Cir. 2008).
[34] 816 F.3d 816 (Fed. Cir. 2016).
[35] *Id.* at 826-28.

method types, it informs (on that particular issue) with reasonable certainty; if that claim does cover both apparatus and method types, then the claim may be indefinite for being unclear.

More fundamentally, it would appear from the decision in *Mastermine* that the Federal Circuit (and the District Court) grappled with claims that had drafting errors. Although the Federal Circuit did not explicitly address the District Court's analysis of the "adapted to" language (contrasted with the action language in claim 8), this was treated implicitly with the characterization of the action language as "permissible functional language" of the "capabilities of the 'reporting module.'"[36] As the District Court itself acknowledged, this was a "very close" case - the Federal Circuit gave the claim drafters a pass for adding both "adapted to" limitations and active verb limitations (while the District Court had not). This drafting error did not, in the Federal Circuit's eyes, change the fundamental fact that the language did not recite "specific actions performed by the user."[37]

Conclusions

The Supreme Court's *Nautilus* decision did not purport to overturn all of the tools the Federal Circuit uses to determine indefiniteness. Rather, it overturned the standard to which the facts resulting from those tools is compared. As the Federal Circuit has demonstrated in at least the *Mastermine* and *UltimatePointer* decisions, the tool of looking at whether a claim covers both an apparatus and a method of using the apparatus is still useful in answering the "reasonable certainty" question post-*Nautilus*.

Further, there are several lessons that the patent drafter may take from this decision:

1. Although fundamentally understood by most practitioners, it is worth mentioning to focus on a single entity when drafting a claim. If drafting a system claim, draft it so that actions (especially with respect to a user) are from the perspective of the system, and not based on actions performed by the user. Thus, if an input is required from a user, the system **receives** the input; the claim should not cover the express action of the user engaged in the act of input. Though in *Mastermine* such functionality was claimed with respect to a user, this practice generalizes such actions to avoid claim language covering express actions of another device/system separate from the subject system of the claim. The claimed system, again, may **be the recipient** of an action from another device/system, but the claim should not require the performance of that action itself.

2. Tie the functional claim language to structure in the claim. In *Mastermine*, the Federal Circuit found persuasive that the language at issue described what the structure, a

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[36] *Mastermine Software, Inc. v. Microsoft Corp.*, No. 2016-2465, slip op. at 11, 16 (Fed. Cir. Oct. 30, 2017).
[37] *Id.* at 16.

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"reporting module," performed. This is likely what distinguished the facts from those in *Rembrandt* and potentially saved *Mastermine*'s claims. Moreover, be prepared to work out with the Examiner whether the claims are drafted as means-plus-function or not. Functional language, when tied to the structure in the claim, is arguably not in means-plus-function format (even in view of *Williamson v. Citrix Online, LLC*[38]), but an Examiner may attempt to shift the burden to the Applicant to demonstrate that.

3. Watch for consistency in claim usage. It is possible that the District Court would have decided in Mastermine's favor if the relevant language ("presents," "receives," and "generates") were drafted as the reporting module being "adapted to" perform those actions. This would have placed the claim language even further into the realm of "permissible functional language" that the Federal Circuit found persuasive in the actual decision.[39]

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[38] 792 F.3d 1339 (Fed. Cir. 2015).
[39] *See Mastermine Software, Inc. v. Microsoft Corp.*, No. 2016-2465, slip op. at 16 (Fed. Cir. Oct. 30, 2017) *and Mastermine Software, Inc. v. Microsoft Corp.*, Case No. 13-CV-0971 (PJS/TNL), Dkt. No. 211, slip op. at 20-21.

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