

No. 25-149

IN THE
Supreme Court of the United States

UNITED SERVICES AUTOMOBILE ASSOCIATION,

Petitioner,

v.

PNC BANK N.A.,

Respondent.

On Petition for a Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit

REPLY BRIEF FOR THE PETITIONER

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INTRODUCTION

PNC cannot meaningfully dispute that the basic principle of justice that like cases be treated alike has no teeth within the Federal Circuit. While the D.C. Circuit has consistently required the agencies it reviews to treat saliently similar cases the same, the Federal Circuit does not recognize any such rule. Its willingness to require like treatment thus far has been limited to “the same parties on the same record.” *Vicor Corp. v. SynQor, Inc.*, 869 F.3d 1309, 1322 (Fed. Cir. 2017). PNC does not attempt to argue that that issue-preclusion-lite approach is a sufficient guard against arbitrary decisionmaking—it just denies that the Federal Circuit employs it.

The decision below is just the latest example of the Federal Circuit disregarding the need for materially different facts to justify materially different treatment. The merest cosmetic difference will do—and that is all the Board and the Federal Circuit identified here. The Board repeatedly emphasized that it was brushing aside the findings it made in its earlier *Wells Fargo* decisions purely because PNC chose to rely on prior art references that were different in name—without identifying any difference in substance except that PNC had not chosen to use them in its petition. PNC attempts to bury this case under pages of case-specific facts that it says the Board *could* have cited—but while the Federal Circuit and Board may have summarized the parties’ arguments, neither actually relied on the distinctions PNC draws here.

ARGUMENT

I. The D.C. and Federal Circuits' contrasting approaches to agency review warrant this Court's intervention.

Tellingly, PNC does not begin with the split between the D.C. and Federal Circuits, the two courts most crucial to policing the administrative state's arbitrary decisionmaking. The D.C. Circuit does not let agencies render inconsistent decisions just because the second decision comes in a different case with different parties from the first. Instead, it requires agencies to treat saliently similar cases alike, regardless of any differences in the parties or cosmetic differences in the facts. Pet. 15-18. The Federal Circuit does not look for salient similarities. Rather, it has repeatedly described its own approach only as looking for inconsistent findings on the exact same "technical issue" between the exact "same parties" on the exact "same record." *Vicor*, 869 F.3d at 1312; Pet. 19-20.

PNC's discussion (at 16-17) of the APA and the America Invents Act (AIA) suggests that perhaps these statutes actually authorize agencies to reach different results for different parties, but never actually identifies anything in either statute that would justify this type of agency flip-flopping just because the parties are different. Despite repeated hints that something about the "party presentation" principle or the role of an IPR petitioner entitles patent challengers to have the agency forget about

past challenges when deciding new ones,¹ PNC never delivers. Instead it ultimately hedges its argument down to nothing. Its discussion of both the APA and the AIA ultimately depends (at 17) on there being “different arguments” and “different evidence” across the two proceedings. But that is precisely the point: the D.C. Circuit requires agencies to provide an explanation of why the arguments and evidence are “different” in ways that justify giving different parties a different outcome. The Federal Circuit does not examine whether the arguments and evidence are “salient[ly] similar[],” as the D.C. Circuit does. *See, e.g., Grayscale Invs., LLC v. SEC*, 82 F.4th 1239, 1245-52 (D.C. Cir. 2023); Pet. 15-18. To the contrary: by affirming the Board here and “agree[ing] with” and adopting its reasoning, the Federal Circuit has told the agencies under its supervision that it will give the APA’s consistency requirement no teeth. Pet. 19-25. That the court did not publish the decision here serves only to underscore that message to the agencies: a cosmetic distinction suffices to stave off any robust review for consistency with the agency’s previous decisions.

PNC attempts to recharacterize the Federal Circuit’s cases as being entirely consistent with the D.C. Circuit’s approach. But PNC’s claims (at 18-19) that “the Federal Circuit applied the very rule USAA contends for” and created no “exhaustive rule

¹ PNC’s protestations about potential unfairness to patent challengers (at 17) of course ignore the unfairness to patent *owners* that arises when, as here, they successfully defend their valuable property rights before the Board—only to have a second panel reach the opposite conclusion on the same patent and art that is substantively the same.

statements” are belied by the Federal Circuit’s decisions themselves. PNC does not identify any case *without* identical parties in which the Federal Circuit has provided the robust review for consistency on similar facts that the APA requires. Nor does PNC have any explanation for why the Federal Circuit repeatedly refers to the “same parties” limitation if it does not mean it.

In *Vicor Corp v. SynQor, Inc.*, 869 F.3d 1309 (Fed. Cir. 2017), the Federal Circuit explained that “where a panel [of an agency] simultaneously issues opinions on the same technical issue between the same parties on the same record, and reaches opposite results without explanation, we think the best course is to vacate and remand these findings for further consideration.” *Id.* at 1322. In rendering this approach, the court noted that “not every instance of an agency reaching inconsistent outcomes in similar, related cases will necessarily be erroneous.” *Id.*

The Federal Circuit’s decisions in *BASF Corp. v. Enthone, Inc.*, 749 F. App’x 978 (Fed. Cir. 2018), and *Emerson Elec. Co. v. SIPCO, LLC*, 745 F. App’x 369 (Fed. Cir. 2018), are no different. Each case involved a prior Board decision where the parties were in fact identical. While PNC dismisses (at 18-19) *BASF* as “summarizing [*Vicor*] without any mention of party overlap,” that ignores that the court in *BASF* openly highlighted that the inconsistent IPR “involv[ed] the same parties.” 749 F. App’x at 985-86 (emphasis added). PNC’s attempt to mitigate *Emerson* fares no better. PNC contends (at 18) that *Emerson* “did not even mention that the parties were the same,” but it did just that when it quoted *Vicor*’s “same parties on the same record” statement. *See* 745 F. App’x at 373

(quoting *Vicor*, 869 F.3d at 1322). It also cited the prior decision by name—the same name—and emphasized that its facts were “nearly identical” and “nearly the same,” including the patent challenger using the same expert. *Id.*

That *Vicor* cited the D.C. Circuit’s decision in *Local 814, International Brotherhood of Teamsters v. NLRB*, 512 F.2d 564 (D.C. Cir. 1975), the same opinion from which the “same parties on the same record” statement comes, does not mean that the Federal Circuit actually *rejected* any “same parties on the same record” limitation. *See Vicor*, 869 F.3d at 1322. Subsequent decisions have reiterated the same-parties limitation—and, as noted, PNC cannot identify any decision where the Federal Circuit has ever applied robust, D.C. Circuit-style scrutiny *absent* the same parties.

Finally, PNC suggests (at 19-20) that USAA’s reliance on *Vicor*, *BASF*, and *Emerson* in its rehearing petition indicates that what USAA actually seeks is error correction. Not so. USAA cited those three cases in seeking rehearing to emphasize that the decision below too should have been vacated even under the Federal Circuit’s approach because of the Board’s failure to provide a reasoned explanation for its inconsistent decisions. Making that request—which the court denied—does nothing to validate the Federal Circuit’s approach. Vacating inconsistent agency decisions only when the “same parties on the same record” are involved violates the APA. USAA has never suggested otherwise. And while PNC denies the existence of this approach, it does not defend it as consistent with the APA.

II. This Court need not wade into the facts to reach the question presented.

PNC devotes most of its response to addressing, not the circuit split, but rather PNC's insistence that it *did* present materially different facts than Wells Fargo did. That is incorrect—but more fundamentally, it is not what the Federal Circuit or the Board said was the basis of its decision.

1. The PNC and Wells Fargo IPRs featured neither materially different facts nor arguments. PNC relies on (at 11, 13-14) the Board's statement that its *Wells Fargo* findings were "based on the particular facts of that proceeding," but it cannot obscure that the Board and Federal Circuit drew a distinction based on procedure and not substance. The Board went on to say that the "particular facts" of *Wells Fargo* included "the express teachings of those references, not present in the references advanced by [PNC] for this Ground." Pet.App.60a n.22, 157a n.16. Thus, according to the Board, it was the fact that the references were not "advanced by [PNC]" that made them "of little, if any, relevance to this proceeding." Pet.App.60a n.22, 157a n.16. In other words, the Board's primary basis for refusing to provide an explanation for its deviation from *Wells Fargo* was that the *Wells Fargo* findings concerned prior art that was not a part of PNC's obviousness combination. It did not disagree that the teachings of Wells Fargo's references had ended up favoring USAA's position, or that those same references were in the record here, or that PNC repeatedly cited them. Any finding based on a reference that PNC "d[id] not rely on for this ground," the Board and Federal Circuit would not consider. Pet.App.57a, 153a-154a.

That is not what the APA requires and the D.C. Circuit enforces: consideration of salient similarities. If the Federal Circuit were not unwilling to enforce consistent decisionmaking beyond the “same parties on the same record,” the Board’s brush off of Nepomniachtchi and lack of reasoning would not have passed muster.

While PNC contends (at 10) that the inconsistent results can be explained by, for instance, PNC “offer[ing] specific expert testimony” as to projective distortion, the Board’s reason for rejecting USAA’s argument was based just on which references PNC chose to rely on—not any difference of substance between the records in the two cases. USAA argued, based on *Wells Fargo*’s finding, that a skilled artisan would not have pursued autocapture given Nepomniachtchi’s disclosure of post-capture error correction for alignment issues. Pet.App.55a-57a, 151a-154a. PNC admitted “Nepomniachtchi already taught ... suitable techniques for addressing projective distortion,” C.A.App.1006, 3497 (emphasis omitted), and its own expert acknowledged Nepomniachtchi and PNC’s chosen prior art (Acharya) were directed to the same problem, C.A.App.5299. Significantly, PNC’s expert could not identify anything in Acharya that contradicted Nepomniachtchi’s teachings. The only basis for distinguishing Acharya from Nepomniachtchi that PNC’s expert could identify was that “Acharya is silent as to the projective (or perspective) distortion problem[.]” C.A.App.3497.

So, to sum up: The *Wells Fargo* panels found in USAA’s favor based on a disclosure, Nepomniachtchi, that PNC’s “silent” reference did not contradict. Yet

the Board came to the opposite conclusion here. Its sole justification was that USAA’s argument “depend[s] on the teachings of Nepomniachtchi, *which [PNC] does not rely on for this ground.*” Pet.App.57a, 153a-154a (emphasis added).²

The Board relied on more procedure-over-substance reasoning in ignoring the *Wells Fargo* panels’ other findings. With respect to computational burden, the Board dismissed the *Wells Fargo* panels’ determination that the proposed combination would not have reduced computational burden as being “of marginal relevance” because the Board “d[id] not understand the Wells Fargo IPR panel to have made general findings of teachings away that would be applicable to prior art references not asserted in that proceeding.” Pet.App.64a-65a, 160a-161a. Just because the *Wells Fargo* panel did not *say* its findings would be “general findings”—*i.e.*, would apply just as fully in other cases featuring saliently similar prior art—the Board concluded that it could dispense with those findings. It again identified no material difference—just the cosmetic difference in the references asserted.

The Board’s fixation on the records in these proceedings differing from those in *Wells Fargo* makes clear that its decision was based on these cosmetic differences, not any purportedly different arguments or testimony. PNC contends (at 14-16) that the

² The Board gave the same reason for rejecting the *Wells Fargo* findings favoring USAA regarding the need for retakes: repeatedly highlighting that Wells Fargo’s chosen references, Nepomniachtchi and Yoon, were “once again, references not asserted for this Ground.” Pet.App.68a-70a, 165a-166a (also highlighting “different prior art”).

“Board’s and the Federal Circuit’s factbound determination that the Wells Fargo and PNC cases were materially different is plainly correct.” But, as explained *supra*, the Board’s decision to shrug off the *Wells Fargo* findings was not based on PNC raising materially different prior art but rather on how Wells Fargo’s references were “not asserted for this Ground” and thus of “marginal, if any, relevance.” See Pet.App.68a-70a, 165a-166a; Pet.App.57a n.20, 153a n.14; *see also* Pet.App.43a nn.15-16, 139a nn.9-10; Pet.App.48a n.17, 144a n.11; Pet.App.55a n.18, 151a n.12; Pet.App.60a-61a n.22, 157a n.16; Pet.App.68a-69a, 165a; Pet.App.70a, 166a; 72a n.24, 168a n.17; Pet.App.74a-75a, 171a.

2. PNC attempts (at 15-16) to magnify the purported differences between its prior art and Wells Fargo’s by pointing to how “Acharya and Luo describe their respective inventions as implemented on the same types of handheld devices.” PNC Br. 15 (citation omitted). That is, again, immaterial to the reasons the *Wells Fargo* panels gave for why a skilled artisan would not combine inventions like these—*i.e.*, an invention substantively identical to Acharya with an invention substantively identical to Luo. *Wells Fargo* identified computational burden, the need to retake photos, and projective distortion. See *Wells Fargo Bank, N.A. v. USAA*, IPR No. 2019-01082, 2020 WL 6937381, at *16-26 (P.T.A.B. Nov. 24, 2020); *Wells Fargo Bank, N.A. v. USAA*, IPR No. 2019-01083, 2020 WL 6938004, at *17-27 (P.T.A.B. Nov. 24, 2020). Identifying the devices as handheld is not a distinction that makes any difference on those points. PNC is, again, offering cosmetic distinctions to try to obscure the fact that the combinations were substantively identical *on the facts material to the first*

decision; they should have produced the same outcome.

Additionally, given that the Board repeatedly emphasized that its decisions here were based on PNC not asserting the same prior art as Wells Fargo, PNC is left to attempt to rehabilitate (at 16) its expert's admission that PNC's case is no different than Wells Fargo's. *See* Pet. 11-12, 26. PNC points to the Board's statement that Nepomniachtchi and Acharya being "directed to the same problem ... is not an admission that the particular features of the references were the same." PNC Br. 16 (emphases and quotation marks omitted) (citing Pet.App.60a-61a n.22, 157a n.16). But PNC's expert was clear that PNC's reference (Acharya) disclosed less than Wells Fargo's reference (Nepomniachtchi). C.A.App.3497; *see also* Pet. 11-12. And in any event, within the same footnote PNC cites, the Board reiterated that the *Wells Fargo* panels' findings are based on "the express teachings of those references[] not present in the references advanced by [PNC] for this Ground" before stating again that "[t]hus, they are of little, if any, relevance to this proceeding." Pet.App.60a-61a n.22, 157a n.16.

Finally, the Federal Circuit's rubberstamping of this inconsistent decision was not, as PNC contends (at 14), "devoted ... to that topic." The court instead merely summarized the parties' arguments and the Board's decision before cursorily stating that it "agree[d] with the Board and thus reject[ed] USAA's argument that the Board erred in issuing inconsistent IPR decisions without rational explanation." Pet.App.7a.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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