

## **APPENDIX**

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**APPENDIX A**

**UNITED STATES COURT OF APPEALS FOR  
THE FEDERAL CIRCUIT**

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**UNITED SERVICES AUTOMOBILE  
ASSOCIATION,**  
*Plaintiff-Cross-Appellant*

v.

**PNC BANK N.A.,**  
*Defendant-Appellant*

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2023-1639, 2023-1866, 2025-1276, 2025-1341

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Appeals from the United States District Court for  
the Eastern District of Texas in Nos. 2:21-cv-00246-  
JRG, 2:22-cv-00193-JRG, Judge J. Rodney Gilstrap.

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Decided: June 12, 2025

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Before DYK, CLEVENGER, and HUGHES, *Circuit Judges*.

HUGHES, *Circuit Judge*.

PNC Bank, N.A. appeals the U.S. District Court for the Eastern District of Texas’s grant of United Services Automobile Association’s motion for summary judgment of patent eligibility under 35 U.S.C. § 101. This appeal concerns U.S. Patent No. 10,769,598, U.S. Patent No. 10,402,638, and U.S. Patent No. 9,224,136. We limit our discussion to the ’638 patent because we have separately affirmed an *inter partes review* of the ’598 patent finding the asserted claims unpatentable under 35 U.S.C. § 103, *see United Services Automobile Ass’n. v. PNC Bank N.A.*, No. 23-2171, 2025 WL 339662 (Fed. Cir. Jan. 30, 2025), and an *inter partes review* of the ’136 patent also finding the asserted claims unpatentable under 35 U.S.C. § 103, *see United Services Automobile Ass’n. v. PNC Bank N.A.*, No. 23-2244, 2025 WL 706080 (Fed. Cir. Mar. 5, 2025).<sup>1</sup> Because the asserted claim of the ’638 patent is directed to an abstract idea and does not contain an inventive concept, we reverse.

## I

### A

USAA owns the ’638 patent, entitled “Digital Camera Processing System,” which is directed to

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<sup>1</sup> Since we have affirmed the invalidity of these patents, we need not reach the § 101 issue as to these patents. *See XY, LLC v. Trans Ova Genetics*, 890 F.3d 1282, 1294 (Fed. Cir. 2018) (“[A]n affirmance of an invalidity finding, whether from a district court or the Board, has a collateral estoppel effect on all pending or co-pending actions.”).

remote check deposit technology. USAA alleges that it wanted to improve upon early remote check deposit systems, which required specialized check scanners to ensure high quality check image capture. The '638 patent contemplates a customer using her personal mobile device, like a cell phone, to take a picture of a check and transmit that image to her financial institution. In order to ensure the check image is appropriately captured and increase the likelihood that the check will be accepted for deposit, the patent discusses implementing real-time error checking steps, like using optical character recognition (OCR) to read the account number, routing number, and check number, to ensure the resultant image is of sufficient quality for computer-based check recognition systems.

The only claim asserted from the '638 patent is claim 20, which recites:

20. A system for allowing a customer to deposit a check using a customer's handheld mobile device, the system configured to authenticate the customer using data representing a customer fingerprint, the system including:

a customer's handheld mobile device including a downloaded app, the app associated with a bank and causing the customer's handheld mobile device to perform the following steps:

instructing the customer to take a photo of the check;

using a display of the customer's handheld mobile device to assist the customer in taking the photo of the check;

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assisting the customer as to an orientation for taking the photo; and

using a wireless network, transmitting a copy of the photo from the customer's handheld mobile device and submitting the check for mobile check deposit;

a bank computer programmed to update a balance of an account to reflect an amount of the check submitted for mobile check deposit by the customer's handheld mobile device;

the system being configured to check for errors before the submitting is performed by the customer's handheld mobile device; and

the system being configured to confirm that the mobile check deposit can go forward after optical character recognition is performed on the check in the photo.

'638 patent, 16:44–17:3.

## B

USAA sued PNC for infringement of the asserted patents. After discovery, both parties filed cross-motions for summary judgment on whether the claims were patent eligible under 35 U.S.C. § 101. The district court granted USAA's motion for summary judgment and denied PNC's, concluding that the asserted claims were patent eligible under § 101 because they are not directed to an abstract idea. J.A. 64–65. The district court then held a five-day jury trial.<sup>2</sup> The jury found no invalidity of the asserted

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<sup>2</sup> USAA dropped its contentions asserting infringement of the '136 patent before trial. J.A. 88. The trial accordingly involved

claims of the '598 and '638 patents and that PNC had infringed USAA's patents. J.A. 10040–41.

After the district court entered final judgment, PNC timely filed its notice of appeal of the district court's summary judgment ruling on § 101. J.A. 10449–50. USAA cross-appealed alleging improper damages testimony from PNC's experts during trial. J.A. 10487–89. We have jurisdiction under 28 U.S.C. § 1295(a)(1).<sup>3</sup>

## II

We apply the law of the regional circuit when reviewing a district court's summary judgment ruling, and the Fifth Circuit reviews these rulings de novo. *Ericsson Inc. v. TCL Commc'n Tech. Holdings Ltd.*, 955 F.3d 1317, 1324–25 (Fed. Cir. 2020); *Tex. Soil Recycling, Inc. v. Intercargo Ins. Co.*, 273 F.3d 644, 648 (5th Cir. 2001). Summary judgment is appropriate

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the '598 and '638 patents, as well as two of PNC's patents later severed into a new case and not at issue in this appeal.

<sup>3</sup> Before oral argument, we discovered that the record was unclear as to whether there were final judgments entered on PNC's counterclaims of noninfringement and invalidity under §§ 101, 102, 103, and/or 112 as to U.S. Patent No. 9,224,136 in this case, and U.S. Patent No. 10,621,559 in case No. 2023-1778. ECF No. 61. We directed the parties to address whether there were final judgments on these claims at oral argument. *Id.* We determined that the record remained unclear, and we remanded the appeals to the district court for the limited purpose of entering amended final judgments. ECF No. 63. After entry of final judgment, the parties filed new notices of appeal. *United Servs. Auto. Assn. v. PNC Bank, N.A.*, No. 2025-1276, ECF No. 1 (Fed. Cir. Dec. 12, 2024); *United Servs. Auto. Assn. v. PNC Bank, N.A.*, No. 2025-1341, ECF No. 1 (Fed. Cir. Jan. 1, 2025). We consolidated the cases and elected to decide the appeals based on the prior-filed briefs and the corresponding oral argument we heard on November 6, 2024. ECF No. 66.

when, drawing all justifiable inferences in the nonmovant's favor, "there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247–48, 255 (1986).

Patent eligibility under § 101 is a question of law based on underlying findings of fact; we review a district court's legal conclusion of patent eligibility de novo. *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1342 (Fed. Cir. 2018).

### III

Section 101 provides that a patent may be obtained for "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." 35 U.S.C. § 101. But there is an important exception: "[l]aws of nature, natural phenomena, and abstract ideas are not patentable," because tying up these "basic tools of scientific and technological work" through patent grants risks impeding innovation. *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 216 (2014) (internal quotations and citation omitted). The Supreme Court laid out a two-step inquiry in *Alice* to determine whether a patent is directed to eligible subject matter under § 101. We first consider "whether the claims at issue are directed to a patent-ineligible concept." *Id.* at 218. If the claims are directed to a patent-ineligible concept, we then "consider the elements of each claim both individually and 'as an ordered combination' to determine whether the additional elements 'transform the nature of the claim' into a patent-eligible application." *Id.* at 217 (quoting *Mayo*



*Collaborative Servs. v. Prometheus Lab'ys, Inc.*, 566 U.S. 66, 78–79 (2012)).

## A

The district court found USAA's asserted patents were not directed to an abstract concept and were therefore eligible under § 101. J.A. 22, 64–65. We disagree; the asserted claim is directed to the abstract idea of depositing a check using a handheld mobile device.

At *Alice* step one, we look to whether the claims are directed to a patent-ineligible concept. *Alice*, 573 U.S. at 218. The inquiry centers on whether the character of the claims as a whole is directed to excluded subject matter, not just whether the claims involve an abstract idea. *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015). We focus on the claims, not the specification, to determine eligibility, because “the level of detail in the specification does not transform a claim reciting only an abstract concept into a patent-eligible system or method.” *Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1345 (Fed. Cir. 2013).

We have previously held that claims directed to collecting information, analyzing information by “steps people go through in their minds, or by mathematical algorithms, without more,” and presenting the results of collecting and analyzing information fall “within the realm of abstract ideas.” *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016) (citing cases). In *Enfish, LLC v. Microsoft Corp.*, we further clarified that step one of the *Alice* inquiry asks “whether the focus of the claims is on the specific asserted improvement in computer

capabilities . . . or, instead, on a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” 822 F.3d 1327, 1335–36 (Fed. Cir. 2016).

The patent in this case claims “[a] system for allowing a customer to deposit a check using a customer’s handheld mobile device.” ’638 patent, 16:44–45. The claim includes steps for carrying out this process, including “instructing the customer to take a photo of check,” “using a wireless network” to transmit a copy of the photo, and having the configured system “check for errors.” *Id.* at 16:53–65. PNC [*sic*] contends that these steps improve check depositing technology by allowing checks to be deposited quickly and remotely without requiring specialized equipment, thus providing a technological solution to a technological problem. But these are routine processes implemented by a general-purpose device (e.g., a handheld mobile device) in a conventional way. We have repeatedly held that mere computer-based implementation, without more, is not sufficient to render claims directed to patent-eligible subject matter at step one. *See, e.g., Alice*, 573 U.S. at 225–26 (holding patent-ineligible claims that “amount to nothing significantly more than an instruction to apply the abstract idea . . . using some unspecified, generic computer” and in which “each step does no more than require a generic computer to perform generic computer functions”) (internal quotation marks and citation omitted).

Here, the claim recites routine data collection and analysis steps that have been traditionally performed by banks and people depositing checks—namely reviewing checks, recognizing relevant data, checking

for errors, and storing the resultant data. *See Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat. Ass’n*, 776 F.3d 1343, 1348 (Fed. Cir. 2014) (“And banks have, for some time, reviewed checks, recognized relevant data such as the amount, account number, and identity of account holder, and stored that information in their records.”).

The addition of a handheld mobile device to carry out these routine steps does not make the claim any less abstract. The claim is drafted in a result-oriented fashion, without the requisite specificity needed to provide a non-abstract technological solution. USAA discusses how “accomplishing check deposit on a consumer device required the development of extremely non-obvious algorithms.” USAA’s Response Br. 31 (internal citation omitted). But those algorithms are not found within the claim or the specification—the claim merely recites a system that is “configured to” “authenticate the customer,” “check for errors,” and “confirm that the mobile check deposit can go forward” without providing *how* the system is configured. ’638 patent, 16:44–17:3. In *McRO, Inc. v. Bandai Namco Games America Inc.*, we found that the claims were not directed to ineligible subject matter because they incorporated specific features of defined rules as claim limitations. 837 F.3d 1299, 1316 (Fed. Cir. 2016) (involving claims directed to specific techniques for automating 3–D animation). But here, we lack any clear description of how these processes are performed and therefore do not have the same degree of specificity concerning what the technological improvement is and how it is accomplished. The claim instead provides a *concept* of improving the check deposit process by using a handheld mobile device,

which is insufficient to render the claims directed to patent-eligible subject matter.

Further, “improving a user’s experience while using a computer application is not, without more, sufficient to render the claims directed to an improvement in computer functionality.” *Simio, LLC v. FlexSim Software Prods., Inc.*, 983 F.3d 1353, 1361 (Fed. Cir. 2020) (quotation marks and citation omitted). The claim here is directed to improving the user’s experience of depositing a check by allowing the use of familiar and easily acquired electronics. But the claimed steps do not improve the way in which the handheld mobile device functions; the device is merely a tool to perform the conventional steps associated with check depositing. We thus conclude that the claim is directed to the abstract idea of depositing a check.

## B

Because the district court concluded that the claim was not directed to an abstract idea, it did not reach *Alice* step two. We do and conclude that the claim is not eligible under § 101.<sup>4</sup>

At step two, we consider whether the elements of the claim contain an inventive concept sufficient to transform the abstract idea into a patent-eligible application. *Alice*, 573 U.S. at 217–18. “The ‘inventive

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<sup>4</sup> Because patent eligibility under § 101 is a question of law that we review de novo, we may reach step two even though the district court did not. See *Chamberlain Grp., Inc. v. Techtronic Indus. Co.*, 935 F.3d 1341, 1346–49 (Fed. Cir. 2019) (reaching step two even though the district court only reached step one when reviewing a district court’s denial of a motion for judgment as a matter of law on the issue of patent-eligibility under § 101).

concept’ may arise in one or more of the individual claim limitations or in the ordered combination of the limitations.” *Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1349 (Fed. Cir. 2016) (citing *Alice*, 573 U.S. at 217). The inventive concept requires more than mere application of the abstract idea, or “the mere recitation of a generic computer.” *Alice*, 573 U.S. at 223. “[I]nvolving a computer merely as a tool” to “improve a fundamental practice or abstract process” does not make an otherwise abstract claim non-abstract, *Customedia Techs., LLC v. Dish Network Corp.*, 951 F.3d 1359, 1364 (Fed. Cir. 2020), nor does limiting the claim to “a particular field of use or technological environment,” *Intell. Ventures I LLC v. Cap. One Bank (USA)*, 792 F.3d 1363, 1366 (Fed. Cir. 2015).

We conclude there is no inventive concept that would support patent eligibility under step two. Our precedent is clear that computer-mediated implementation of routine or conventional activity is not enough to provide an inventive concept. *See, e.g., Content Extraction*, 776 F.3d at 1347–48. USAA alleges that the claim read as a whole, considering the ordered combination of elements, contains an inventive concept because it solves the technological problem of accurate detection and extraction of information from digital images of checks using general purpose mobile devices. We disagree.

The claim recites nothing more than routine image capture, OCR, and data processing steps—all of which were well-known and routine. *See Content Extraction*, 776 F.3d at 1348 (“[U]se of a scanner or other digitizing device to extract data from a document was well-known at the time of filing, as was the ability of

computers to translate the shapes on a physical page into typeface characters.”). The inclusion of a handheld mobile device in the claim does not add an inventive concept as the use of a handheld mobile device does “no more than claim[] the abstract idea itself.” *Recentive Analytics, Inc. v. Fox Corp.*, 134 F.4th 1205, 1215 (Fed. Cir. 2025). Moreover, the mobile device is a piece of generic hardware. USAA contends that the inventive concept is implementing these steps on a customer’s mobile device, instead of a specialized check scanner. *See* USAA’s Response Br. 49. But such implementation is not inventive. We may not limit the claim to a particular technological environment, *Capital One*, 792 F.3d at 1366, and these steps were already considered conventional. We do not find an inventive concept in the claim—only the implementation of routine activities using a generic device.

We have found inventive concepts in cases where the claims have fundamentally changed or improved *how* a computer functions. *See, e.g., Bascom*, 827 F.3d at 1345, 1350–51 (discussing that optimized location of a computer network filter improved network performance and went beyond the abstract idea of filtering); *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) (addressing a problem in “conventional functioning of Internet hyperlink protocol,” not merely the “use of the Internet”). But here, there is no technological improvement—though the claim recites a system that makes the remote check deposit process easier and more convenient for bank customers, there is no fundamental change to how any of the technology functions, because it is all operating in a conventional

way. Nor is there any disclosure of technology for depositing a check using a handheld mobile device. We conclude that the claim lacks an inventive concept that would transform the claim into a patent-eligible application of an abstract idea.

USAA argues that summary judgment should be denied even if we reach step two, because there are still material disputes of fact, namely that some claim elements, like OCR, remote deposit applications, and cameras, were not conventional. USAA’s Response Br. 46–47. We disagree; there are no genuine disputes of material fact on this issue. *See Broadband iTV, Inc. v. Amazon.com, Inc.*, 113 F.4th 1359, 1366–67 (Fed. Cir. 2024), *cert. denied*, No. 24-827, 2025 WL 1151241 (U.S. Apr. 21, 2025) (“Section 101 patent eligibility may be resolved on summary judgment so long as there is not a genuine dispute of material fact.”). There is ample evidence in the record and in our caselaw that OCR was known, *see, e.g.*, J.A. 5585–86 (discussing that OCR technology was used in commercial check depositing systems and that USAA does not claim to have invented OCR technology); *Content Extraction*, 776 F.3d at 1349 (discussing “generic optical character recognition technology” as a “routine function of scanning technology”), and the patent itself touts as a key advantage “its ability to operate in conjunction with electronics that today’s customers actually own or can easily acquire, such as a general purpose computer, a scanner, and a digital camera,” ’638 patent, 4:21–24. We conclude that there are no genuine disputes of material fact that prevent resolution of the § 101 analysis on summary judgment.

We have considered USAA's remaining arguments and find them unpersuasive. Because we reverse the district court's grant of summary judgment on patent eligibility and determine the claim is not directed to patent-eligible subject matter, we need not reach USAA's cross-appeal concerning the alleged admission of improper expert testimony on damages because there are no longer any valid patents to support the jury verdict. *See XY*, 890 F.3d at 1294 (dismissing appeal of district court issue as moot because the court's affirmance of invalidity of a patent "has an immediate issue-preclusive effect on any pending or co-pending actions involving the patent"); *Senju Pharm. Co. v. Lupin Ltd.*, 780 F.3d 1337, 1353 (Fed. Cir. 2015) (declining to reach issues of infringement and estoppel when the underlying claims were deemed invalid).

## **REVERSED**

### **COSTS**

Costs against USAA.



**APPENDIX B**

NOTE: This disposition is nonprecedential.

**UNITED STATES COURT OF APPEALS FOR  
THE FEDERAL CIRCUIT**

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**UNITED SERVICES AUTOMOBILE  
ASSOCIATION,**  
*Plaintiff-Appellee*

v.

**PNC BANK N.A.,**  
*Defendant-Appellant*

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2023-1778, 2025-1277

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Appeals from the United States District Court for the Eastern District of Texas in Nos. 2:20-cv-00319-JRG-RSP, 2:21-cv-00110-JRG, Judge J. Rodney Gilstrap.

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Decided: June 12, 2025

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MARK CHRISTOPHER FLEMING, Wilmer Cutler Pickering Hale and Dorr LLP, Boston, MA, argued for defendant-appellant. Also represented by MAKENZI G. HERBST; RONALD GREGORY ISRAELSEN, GREGORY H.

LANTIER, GERARD ANDREW SALVATORE, Washington, DC.

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Before DYK, CLEVINGER, and HUGHES, *Circuit Judges*.

HUGHES, *Circuit Judge*.

PNC Bank, N.A. appeals the U.S. District Court for the Eastern District of Texas's grant of United Services Automobile Association's motion for summary judgment of patent eligibility under 35 U.S.C. § 101, as well as the district court's denial of PNC's post-trial motions. This appeal concerns U.S. Patent No. 10,013,605, U.S. Patent No. 10,013,681, U.S. Patent No. 10,482,432, U.S. Patent No. 8,977,571, U.S. Patent No. 8,699,779, and U.S. Patent No. 10,621,559. We limit our discussion to the '605 patent, the '681 patent, and the '432 patent because we have separately affirmed an *inter partes* review of the '571 patent and the '779 patent finding the asserted claims unpatentable as obvious, *see United Services Automobile Ass'n. v. PNC Bank N.A.*, No. 23-2124, 2025 WL 370141 (Fed. Cir. Feb. 3, 2025), and an *inter partes* review of the '559 patent also finding the asserted claims unpatentable as obvious, *see United Services Automobile Ass'n. v. PNC Bank N.A.*, No. 23-1920, 2025 WL 341868 (Fed. Cir. Jan. 30, 2025).<sup>1</sup> Because the asserted claims of the '605, '681, and '432

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<sup>1</sup> Since we have affirmed the invalidity of these patents, we need not reach the § 101 issue as to these patents. *See XY, LLC v. Trans Ova Genetics*, 890 F.3d 1282, 1294 (Fed. Cir. 2018) (“[A]n affirmance of an invalidity finding, whether from a district court or the Board, has a collateral estoppel effect on all pending or co-pending actions.”).

patents are directed to an abstract idea and do not contain an inventive concept, we reverse.

# I

USAA owns the '605 patent, the '681 patent, and the '432 patent, which it refers to collectively as the “mobile remote deposit capture” (MRDC) patents. The patents are directed to a system for remotely depositing a check using general purpose consumer electronics and devices. '605 patent, 16:30–33; '681 patent, 13:65–14:3; '432 patent, 14:23–24.<sup>2</sup>

USAA sued PNC for infringement of the asserted patents. Both parties cross-moved for summary judgment on whether the claims were patent eligible under 35 U.S.C. § 101. The magistrate judge recommended granting USAA's motion, and the district court adopted that recommendation, finding the claims patent eligible. J.A. 157, 164, 175–76. The district court then held a five-day jury trial on claims 1, 3, 5, and 21 of the '432 patent; claims 12, 13, 22, 26, and 30 of the '681 patent; and claims 12, 13, and 22 of the '605 patent.<sup>3</sup> The jury found that PNC infringed at least one claim of the asserted patents and that no claims were invalid. J.A. 180–83.

After the district court entered final judgment, PNC timely filed its notice of appeal of the district court's summary judgment ruling on § 101. We have jurisdiction under 28 U.S.C. § 1295(a)(1).<sup>4</sup>

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<sup>2</sup> Exemplary claims for the '605, '681, and '432 patents are set forth in Appendix A of this opinion.

<sup>3</sup> The trial also involved claims 1, 2, 9, 12, and 13 of the '571 patent. J.A. 178.

<sup>4</sup> Before oral argument, we discovered that the record was unclear as to whether there were final judgments entered on

## II

We apply the law of the regional circuit when reviewing a district court’s summary judgment ruling, and the Fifth Circuit reviews these rulings de novo. *Ericsson Inc. v. TCL Commc’n Tech. Holdings Ltd.*, 955 F.3d 1317, 1324–25 (Fed. Cir. 2020); *Tex. Soil Recycling, Inc. v. Intercargo Ins. Co.*, 273 F.3d 644, 648 (5th Cir. 2001). Summary judgment is appropriate when, drawing all justifiable inferences in the nonmovant’s favor, “there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247–48, 255 (1986).

Patent eligibility under § 101 is a question of law based on underlying findings of fact; we review a district court’s legal conclusion of patent eligibility de novo. *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1342 (Fed. Cir. 2018).

## III

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PNC’s counterclaims of noninfringement and invalidity under §§ 101, 102, 103, and/or 112 as to U.S. Patent No. 10,621,559 in this case and U.S. Patent No. 9,224,136 in case No. 2023-1639. ECF No. 58. We directed the parties to address whether there were final judgments on these claims at oral argument. *Id.* We determined that the record remained unclear, and we remanded the appeals to the district court for the limited purpose of entering amended final judgments. ECF No. 60. After entry of final judgment, the parties filed new notices of appeal. *United Servs. Auto. Assn. v. PNC Bank, N.A.*, No. 2025-1276, ECF No. 1 (Fed. Cir. Dec. 12, 2024); *United Servs. Auto. Assn. v. PNC Bank, N.A.*, No. 2025-1341, ECF No. 1 (Fed. Cir. Jan. 1, 2025). We consolidated the cases and elected to decide the appeals based on the prior-filed briefs and the corresponding oral argument we heard on November 6, 2024. ECF No. 61.

Section 101 provides that a patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. But there is an important exception: “[l]aws of nature, natural phenomena, and abstract ideas are not patentable,” because tying up these “basic tools of scientific and technological work” through patent grants risks impeding innovation. *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014) (internal quotations and citation omitted). The Supreme Court laid out a two-step inquiry in *Alice* to determine whether a patent is directed to eligible subject matter under § 101. We first consider “whether the claims at issue are directed to a patent-ineligible concept.” *Id.* at 218. If the claims are directed to a patent-ineligible concept, we then “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Id.* at 217 (quoting *Mayo Collaborative Servs. v. Prometheus Lab’ys, Inc.*, 566 U.S. 66, 78–79 (2012)).

#### A

At *Alice* step one, we look to whether the claims are directed to a patent-ineligible concept. *Alice*, 573 U.S. at 218. We have held that claims directed to collecting information, analyzing information by “steps people go through in their minds, or by mathematical algorithms, without more,” and presenting the results of collecting and analyzing information fall “within the realm of abstract ideas.” *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016) (collecting cases).

The magistrate judge’s report and recommendation found the claims patent-eligible at *Alice* step one because the claims “improve[] specialized check processing machines by enabling the function of those machines to be performed without specialized equipment.” J.A. 164 (citation omitted). The magistrate judge said this was shown “by the claim specifically reciting a ‘general purpose’ computer and then providing features that enable the recited general purpose computer to perform the same functions as the specialized check processing machines of the prior art.” *Id.*

We disagree and conclude that the claims are directed to the abstract idea of depositing a check using a mobile device. Today, in a companion case, we hold that claims directed to this abstract idea are not patent eligible. *See United Servs. Auto. Ass’n v. PNC Bank N.A.*, No. 23-1639, slip op. at 7 (Fed. Cir. 2025). The claims here are no less abstract.

The claims each recite a system for allowing a customer to deposit a check using a mobile device, but, similar to the claims in the companion case, the claim elements recite only routine and well-known steps taken when depositing checks, like authenticating the customer, capturing check images, reading the check amount and account information, and checking for errors. *See Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l. Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) (“And banks have, for some time, reviewed checks, recognized relevant data such as the amount, account number, and identity of account holder, and stored that information in their records.”). Further, the claims and the specification are silent as to specific software or technical advances; they do not

explain *how* the general-purpose computers are made to act like specialized check scanners. There is no elaboration or specificity on how steps like “checking for errors” or “monitoring lighting” are performed—the patents just disclose that these steps happen and discuss them in a results-oriented manner. We conclude that the claims are directed to the abstract idea of depositing a check using a mobile device, and that there is no technological solution within the claims that pull them out of the realm of an abstract idea.

## B

Because the district court concluded that the claim was not directed to an abstract idea, it did not reach *Alice* step two. We do and conclude that the claim is not eligible under § 101.<sup>5</sup>

At step two, we consider whether the elements of the claim contain an inventive concept sufficient to transform the abstract idea into a patent-eligible application. *Alice*, 573 U.S. at 217–18. The inventive concept requires more than mere application of the abstract idea, or “the mere recitation of a generic computer.” *Alice*, 573 U.S. at 223.

We conclude there is no inventive concept that would support patent eligibility under step two. The abstract idea cannot be the inventive concept. *See*

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<sup>5</sup> Because patent eligibility under § 101 is a question of law that we review de novo, we may reach step two even though the district court did not. *See Chamberlain Grp., Inc. v. Techtronic Indus. Co.*, 935 F.3d 1341, 1346–49 (Fed. Cir. 2019) (reaching step two even though the district court only reached step one when reviewing a district court’s denial of a motion for judgment as a matter of law on the issue of patent-eligibility under § 101).

*Recentive Analytics, Inc. v. Fox Corp.*, 134 F.4th 1205, 1215 (Fed. Cir. 2025) (explaining a concept is not inventive when it does “no more than claim[] the abstract idea itself”). The claims merely provide for mobile-device implementation of routine or conventional activities long-associated with depositing checks. USAA focuses on the notion of *mobile* check deposits being inventive, *see e.g.*, J.A. 8994 (“The . . . [p]atents provide a technological solution to the challenges of accurate detection and extraction of the necessary information from digital images of checks *using general-purpose mobile devices* . . . .”) (emphasis added), but this simply cabins the abstract idea of check deposits to a particular technological environment, which is insufficient, *see Intell. Ventures I LLC v. Cap. One Bank (USA)*, 792 F.3d 1363, 1366 (Fed. Cir. 2015) (discussing that limiting a claim to “a particular field of use or technological environment” is not sufficient to supply an inventive concept). We do not find an inventive concept in the claims—only the implementation of routine activities using generic devices.

#### IV

We have considered USAA’s remaining arguments and find them unpersuasive. Because we reverse the district court’s grant of summary judgment on patent eligibility and determine the claim is not directed to patent-eligible subject matter, we need not reach PNC’s post-trial motions as all asserted claims have been rendered invalid so there are no longer any valid patents to support the jury verdict. *See XY*, 890 F.3d at 1294 (dismissing appeal of district court issue as moot because the court’s affirmance of invalidity of a patent “has an immediate issue-preclusive effect on



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any pending or co-pending actions involving the patent”); *Senju Pharm. Co. v. Lupin Ltd.*, 780 F.3d 1337, 1353 (Fed. Cir. 2015) (declining to reach issues of infringement and estoppel when the underlying claims were deemed invalid).

**REVERSED**

APPENDIX A

Claims 1 and 12 of the '605 patent, claims 12 and 30 of the '681 patent, and claim 1 of the '432 patent are set forth below.

Claim 1 of U.S. Patent No. 10,013,605

1. An image capture and processing system for use with a digital camera, the image capture and processing system comprising:

- a portable device comprising a general purpose computer including a processor coupled to a memory, the memory storing:

- camera software comprising instructions that, when executed by the processor, control the digital camera;

- a downloaded software component configured to control the camera software and to manage capturing electronic images, the software component comprising instructions that, when executed by the processor, cause the portable device to perform operations including:

- instructing a user of the portable device to place a check in front of the digital camera and have the digital camera capture electronic images of front and back sides of the check;

- displaying an instruction on a display of the portable device to assist the user in having the digital camera capture the electronic images of the check;

- assisting the user as to an orientation for capturing the electronic images of the check;

presenting the electronic images of the check to the user after the digital camera captures the electronic images;

transmitting, using a wireless network, a copy of the electronic images over a public electronic communications network from the portable device, wherein the transmitted copy of the electronic images is a modified version of the electronic images captured with the digital camera, the modified version having a different electronic format than the images captured with the digital camera; and

submitting the check for deposit after the system authenticates the user and after presenting the electronic images of the check to the user;

a plurality of processors coupled to a plurality of memory devices storing instructions that, when each instruction of the instructions is executed by a processor of the plurality of processors coupled to a memory device of the plurality of memory devices storing that instruction, cause the system to perform additional operations including:

confirming that the deposit can go forward after performing an optical character recognition on the check, the optical character recognition including determining an amount of the check, comparing the determined amount to an amount entered by the user into the portable device, and reading a MICR line of the check;

initiating the deposit after the confirming; and  
generating a log file for the deposit, the log file including a bitonal image of the check; and

another computer, remote from the portable device, comprising a processor coupled to a memory storing instructions that, when executed by the processor, cause the other computer to update a balance to reflect the amount of the check submitted for deposit by the portable device.

Claim 12 of U.S. Patent No. 10,013,605

12. A system for allowing a customer to deposit a check using a customer's own handheld mobile device with a digital camera, the system configured to authenticate the customer, the system including:

a customer's handheld mobile device including:

camera software that controls the digital camera;  
and

a downloaded app associated with a bank configured to control the camera software and to control submitting

a check for deposit by causing the customer's handheld mobile device to perform the following steps:

instructing the customer to have the digital camera take photos of front and back sides of the check;

using a display of the customer's handheld mobile device to assist the customer in having the digital camera take the photos of the check;

presenting the photos of the check to the customer after the digital camera takes the photos; and

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transmitting, using a wireless network, a copy of the photos over the Internet from the customer's handheld mobile device; and

submitting the check for mobile check deposit in the bank after the system authenticates the customer and after presenting the photos of the check to the customer;

a computer associated with the bank programmed to update a balance of an account to reflect an amount of the check submitted for a mobile check deposit by the customer's handheld mobile device; and

the system configured to perform additional steps including:

confirming that the mobile check deposit can go forward after performing an optical character recognition on the check, the optical character recognition determining the amount of the check and reading a MICR line;

initiating the mobile check deposit after performing the confirming step; and

generating a log file for the mobile check deposit, the log file including an image of the check submitted for the mobile check deposit.

Claim 12 of U.S. Patent No. 10,013,681

12. A system for allowing a customer to deposit a check using a customer's own mobile device with a digital camera, the system configured to ask the customer to log in using a user name and password, the system including:

customer's handheld mobile device including:

camera software that works with the digital camera; and a downloaded app associated with a bank to work with the camera software and to control submission of a check for deposit by causing the customer's handheld mobile device to perform:

- instructing the customer to have the digital camera take photos of front and back sides of the check;

- displaying a graphical illustration to assist the customer in having the digital camera take the photos of the check, the illustration assisting the customer in placing the digital camera a proper distance away from the check for taking the photos;

- presenting the photos of the check to the customer after the photos are taken; and transmitting, using a wireless network, a copy of the photos over the Internet from the customer's handheld mobile device; and

- confirming that the mobile check deposit can go forward after the system performs optical character recognition on the check, the optical character recognition determining an amount of the check and reading a Magnetic Ink Character Recognition (MICR) line;

- using a wireless network, transmitting a copy of the photos over a public communications network from the customer's mobile device and submitting the check for mobile check deposit in the bank after the photos of the check are presented to the customer;

a computer associated with the bank programmed to update a balance of an account to reflect the check submitted for mobile check deposit by the customer's mobile device; and the system configured to generate a log file for the mobile check deposit, the log file including an image of the check submitted for mobile check deposit.

Claim 30 of U.S. Patent No. 10,013,681

30. A non-transitory computer readable medium storing an app that, when downloaded and run by a customer's mobile device to perform:

instructing a customer to have a digital camera take photos of front and back sides of a check;

displaying a graphical illustration to assist the customer in having the digital camera take the photos of the check;

giving an instruction to assist the customer in placing the digital camera at a proper distance away from the check for taking the photos;

presenting the photos of the check to the customer after the photos are taken;

confirming that the mobile check deposit can go forward after optical character recognition is performed on the check, the optical character recognition determining an amount of the check and reading a Magnetic Ink Character Recognition (MICR) line;

using a wireless network, transmitting a copy of the photos over a public communications network from the customer's mobile device and submitting the check for mobile check deposit after the customer is

authenticated, the photos of the check are presented to the customer, and the customer's mobile device checks for errors.

Claim 1 of U.S. Patent No. 10,482,432

1. A system comprising:

a customer's mobile device including a downloaded app, the downloaded app provided by a bank to control check deposit by causing the customer's mobile device to perform:

instructing the customer to have a digital camera take a photo of a check;

giving an instruction to assist the customer in placing the digital camera at a proper distance away from the check for taking the photo;

presenting the photo of the check to the customer after the photo is taken with the digital camera;

using a wireless network, transmitting a copy of the photo from the customer's mobile device and submitting the check for mobile check deposit in the bank after presenting the photo of the check to the customer; and

a bank computer programmed to update a balance of an account to reflect an amount of the check submitted for mobile check deposit by the customer's mobile device;

wherein the downloaded app causes the customer's mobile device to perform additional steps including:

confirming that the mobile check deposit can go forward after optical character recognition is performed on the check in the photo; and



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checking for errors before the submitting step.

## APPENDIX C

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

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UNITED SERVICES	§	
AUTOMOBILE	§	
ASSOCIATION	§	CIVIL ACTION
<i>Plaintiff,</i>	§	NO. 2:21-CV-00246-JRG
v.	§	CIVIL ACTION
PNC BANK N.A.,	§	NO. 2:22-CV-00193-JRG
<i>Defendant.</i>	§	
	§	

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**ORDER ON PRETRIAL MOTIONS AND  
MOTIONS *IN LIMINE***

The Court held a Pretrial Conference in the above-captioned matter on Monday, August 15, 2022 and Tuesday, August 16, 2022 regarding pending pretrial motions and motions *in limine* (“MILs”) filed by Plaintiff United Services Automobile Association (“Plaintiff” or “USAA”) and Defendant PNC Bank N.A. (“Defendant” or “PNC”). (Dkt. Nos. 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 120, 224, 225, 235, 281, 293; *see also* Case No. 2:20-cv-319, Dkt. Nos. 306, 308, 309, 313, 315, 324.) This Order memorializes the Court’s rulings on the aforementioned pretrial motions and MILs as announced into the record, including additional instructions that were given to the Parties. Although this Order summarizes the Court’s rulings as announced into the record during the pretrial hearing, this Order in no way limits or constrains such

rulings from the bench. Accordingly, it is hereby **ORDERED** as follows: **PRETRIAL MOTIONS**

**1. Defendant’s Motion for Summary Judgment of Lack of Patent Eligibility Under 35 U.S.C. § 101 Regarding the Asserted Patents (Dkt. No. 105)**

The motion was **DENIED**. (Dkt. No. 334 at 17:21–32:18.) The Court found that the Plaintiff’s asserted patents are not directed to an abstract concept and therefore that the asserted patents are eligible under 35 U.S.C. § 101 at *Alice* step 1. *See generally Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208 (2014).

**2. Plaintiff’s Motion for Summary Judgment Dismissing PNC’s Patent-Eligibility Defenses (Dkt. No. 106)**

The motion was **GRANTED**. (Dkt. No. 334 at 17:21–32:18.) The Court found that the Plaintiff’s asserted patents are not directed to an abstract concept and therefore that the asserted patents are eligible under 35 U.S.C. § 101 at *Alice* step 1. *See generally Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208 (2014).

\* \* \*

**So ORDERED and SIGNED this 31st day of August, 2022.**

s/ Rodney Gilstrap  
 RODNEY GILSTRAP  
 UNITED STATES DISTRICT  
 JUDGE

**APPENDIX D**

**THE UNITED STATES DISTRICT COURT FOR  
THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

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UNITED SERVICES	§	
AUTOMOBILE	§	
ASSOCIATION	§	
<i>Plaintiff,</i>	§	CASE NO. 2:20-CV-
	§	00319-JRG-RSP
v.	§	(LEAD CASE)
PNC BANK N.A.,	§	
<i>Defendant.</i>	§	
	§	

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**REPORT AND RECOMMENDATION AND  
ORDER**

Before the Court are three motions all related to 35 U.S.C. § 101:

- Motion for Summary Judgment Dismissing PNC’s Patent-Eligibility Defenses filed by Plaintiff United Services Automobile Association (“USAA”), Dkt. No. 323;
- Motion For Summary Judgment Of Lack Of Patent Eligibility Under 35 U.S.C. § 101 filed by Defendant PNC Bank N.A. (“PNC”), Dkt. No. 322; and
- Motion to Strike Portions of the Opening Expert Report of Mark Webster, Dkt. No. 310.

Having reviewed the briefing, it is recommended that USAA’s Motion for Summary Judgment be

**GRANTED.** (Dkt. No. 323). In light of this, the Court recommends denying as moot PNC’s Motion for Summary Judgment (Dkt. No. 322). Finally, most of USAA’s Motion to Strike is rendered moot by granting USAA’s Motion for Summary Judgment, but the Court **GRANTS IN PART** other portions of the Motion to Strike (Dkt. No. 310).

### **I. Background**

In this suit, USAA alleges that PNC infringes U.S. Patent Nos. 10,482,432 (“432 Patent”), 10,621,559 (“559 Patent”), 10,013,681 (“681 Patent”), 10,013,605 (“605 Patent”), 8,977,571 (“571 Patent”), and 8,699,779 (“779 Patent”) (collectively, the “Asserted Patents”). The Asserted Patents can be divided into two groups based on the priority date and the technology of the patents: the first group, referred to as the “MRDC Patents” consists of the ’605, ’681, ’432, and ’559 patents, which all claim priority to applications filed on October 31, 2006. Dkt. No. 323 at 3-4. Three of the MRDC patents—the ’681, ’432, and ’559 patents—are continuations of the same application (No. 11/591,247) and have substantially identical specifications, and the remaining patent—the ’605 Patent—originates from a related application (No. 11/590,974), which has a similar specification. *Id.* at 4.

The second group of patents, referred to as the “Autocapture Patents” consists of the ’571 and ’779 Patents, both filed in August 2009 and relating to improvements to USAA’s MRDC technology. *Id.* at 5.

Three of the Asserted Patents have been involved in previous litigation before this Court, and in each case, the Court addressed the eligibility of the claims under

§ 101. The claims of the '605 and '681 patents were found to be directed to eligible subject matter by this Court. *United Servs. Auto. Assoc. v. Wells Fargo Bank, N.A.*, No. 2:18-cv-366-JRG-RSP, Dkt. No. 182, (E.D. Tex. Dec. 20, 2019), *R&R adopted id.* Dkt. No. 239 (hereinafter "*Wells Fargo II*"). Likewise, the claims of the '571 Patent were also found to be directed to eligible subject matter. *United Servs. Auto Assoc. v. Wells Fargo Bank, N.A.*, 414 F.Supp.3d 947 (E.D. Tex. 2019) (hereinafter "*Wells Fargo I*").

In addition to district court litigation, the '681 Patent was the subject of a Covered Business Method review, where the PTAB denied institution based upon the PTAB's finding that Claim 1 of the '681 Patent recites "technological features that solve a technical problem using a technical solution by capturing electronic images of a check using a digital camera and a portable device for remote deposit." *Wells Fargo Bank, N.A. v. United Servs. Auto Assoc.*, CMB2019-00028, Decision Denying Institution, Paper 14, at 27 (P.T.A.B. Oct. 1, 2019). The '571 and '779 Patents were also the subject of Covered Business Method reviews, and the PTAB denied institution because the PTAB found the claims of both patents recited a technological solution. *Wells Fargo Bank, N.A. v. United Servs. Auto Assoc.*, CMB2019-00004, Decision Denying Institution, Paper 22, at 28-29 (P.T.A.B. May 15, 2019); *Wells Fargo Bank, N.A. v. United Servs. Auto Assoc.*, CMB2019-00005, Decision Denying Institution, Paper 25, at 22 (P.T.A.B. Jun. 3, 2019).

## **II. Legal Standard**

### **a. Summary Judgment**

Summary judgment should be granted if “there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law.” Fed.R.Civ.P. 56(c); *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23 (1986); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248-55 (1986). A “material fact” is one that “might affect the outcome” of the case, and a dispute about a material fact is “genuine” when the evidence is “such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson*, 477 U.S. at 248. Any evidence must be viewed in the light most favorable to the nonmovant. *See id.* at 255 (citing *Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 158–59 (1970)). “If the moving party does not have the ultimate burden of persuasion at trial, the party ‘must either produce evidence negating an essential element of the nonmoving party’s claim or defense or show that the nonmoving party does not have enough evidence of an essential element to carry its ultimate burden of persuasion at trial.’” *Intellectual Ventures I LLC v. T Mobile USA, Inc.*, No. 2:17-cv-00577-JRG, 2018 WL 5809267, at \*1 (E.D. Tex. Nov. 6, 2018) (quoting *Nissan Fire & Marine Ins. Co., Ltd. v. Fritz Cos., Inc.*, 210 F.3d 1099, 1102 (9th Cir. 2000)).

#### **b. 35 U.S.C. § 101**

The Court determines whether patent claims cover ineligible subject matter using a two-step analytical framework set out by the Supreme Court in *Alice Corp. Pty. Ltd. v. CLS Bank Int’l, et al.*, 573 U.S. 208 (2014). At the first step, the Court evaluates whether the claims are directed to ineligible subject matter, such as an abstract idea. *Id.* at 217. To do so, the Court looks to the claims’ “character as a whole.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir.

2016). Although all claims embody abstract ideas and other ineligible subject matter at some level, the Court’s task is to examine “whether the claims [] focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016). Furthermore, the step one analysis must be “directly tethered to the claim language” and avoid recasting specific elements “at a high level of abstraction.” *Solutran, Inc. v. Elavon, Inc.*, 931 F.3d 1161, 1168 (Fed. Cir. 2019). If a Court determines that the claims are not directed to an abstract idea, the claims are patent-eligible and there is no need to proceed to *Alice* step two. *See, e.g., SRI Int’l, Inc. v. Cisco Sys., Inc.*, 930 F.3d 1295, 1304 (Fed. Cir. 2019).

At *Alice* step two, if the claims are directed to ineligible subject matter, the Court then determines whether the claims contain an “inventive concept—i.e., an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [abstract idea] itself.” *Alice*, 573 U.S. at 217–18 (internal citations and quotes omitted). “[A]n inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces,” *BASCOM Glob. Internet Svcs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1349–50 (Fed. Cir. 2016), but must be more than mere “well-understood, routine, conventional activit[ies].” *Alice*, 573 U.S. at 225 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71 (2012)).



### III. Analysis

#### a. USAA's Motion for Summary Judgment

##### i. MRDC Patents

USAA argues that PNC over-generalized the claims and makes the same arguments that were found unpersuasive in *Wells Fargo II*. Therefore, the Court should again find the claims of the MRDC Patents eligible at *Alice* step 1. Dkt. No. 323 at 6-13. In *Wells Fargo II*, the Court found that the claims of the patents-in-suit, which included the '605 and '681 patents, were directed towards inventions that “improve specialized check processing machines by enabling the function of those machines to be performed without specialized equipment.” *Wells Fargo II*, Dkt. No. 182 at 13. As stated in the specification of the '605 Patent, “a particular advantage of embodiments of the invention is its ability to operate in conjunction with electronics that today's consumers actually own.” *Id.* Furthermore, the Court found that the claims “improve check depositing technology, not simply by reciting check deposit using a computer, but by enabling, via enumerated specific steps, to deposit checks remotely and quickly without the need for specialized equipment” *Id.* at 13-14.

Relying on this Court's decision in *Wells Fargo II*, USAA argues that the claims of the MRDC patents “claim a technological solution to specific problems with prior art methods of check deposit, which involved paper checks or specialized check equipment that was often very expensive and was not readily available to ordinary consumers.” Dkt. No. 323 at 7. Citing to the specification of the '681 Patent, the

patents describe that the prior art required specialized equipment to create and process an image of check that satisfied the requirements of the Check 21 Act. *Id.* To solve this problem, the claimed system turns “an ordinary, general-purpose computer into a device capable of capturing and processing check images that meet the technical image quality requirements for check deposit.” *Id.* at 8.

In response, PNC generally argues that the claims of the MRDC Patents do not claim a specific technical improvement that solves any technological problem. Dkt. No. 385 at 1-4. According to PNC, “substituting a consumer device for a specialized device is a business strategy, not a technical solution.” *Id.* at 2. PNC further argues that the claims do not recite any specific improvements to check processing equipment, nor any improvements to the consumer computers and cameras that replace the “specialized” scanner and that the specification fails to clearly identify the technological problem that the claims allegedly solve. *Id.* at 3-4.

In addition to these general challenges to the claims, PNC argues specifically that two claimed features are directed towards ineligible subject matter themselves and therefore cannot confer eligibility: (1) user instructions for taking a photo of a check and (2) the use of Optical Character Recognition (OCR). *Id.* at 5-11. Beginning with user instructions, PNC, citing Claim 1 of the '605 Patent, argues that the claims merely recite, at a high level, the functional steps of displaying an image with static instructions on a screen to guide the user in taking a photo of a check and then having the user review that image of the check *Id.* 6-7. PNC argues that not only are the user

instructions ineligible subject matter but also that the user instructions are claimed at such a high level that they cannot provide a specific means of solving a technological problem.

Next, PNC argues the claims' use of OCR cannot confer eligibility. PNC states that the claims' use of OCR to extract specific information from the image of a check has been found ineligible by the Federal Circuit: "Federal Circuit has already held that extracting and processing information from documents such as checks using OCR is an implementation of the abstract idea of collecting, recognizing, and storing data." Dkt. No. 385 at 9 (citing *Content Extraction and Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1345 (Fed. Cir. 2014)). Furthermore, because the specification "merely discusses information on the check that OCR might be used to read, without any suggestion that the invention advances image acquisition technology or OCR technology in any way," PNC argues that "there is no basis to distinguish the claimed OCR step from the OCR step already found abstract in *Content Extraction*." Dkt. No. 385 at 9.

PNC also attempts to distinguish this case from *Wells Fargo II*, arguing that the Court's ruling in *Wells Fargo II* "is based on an incorrect factual assumption, namely, that the prior art specialized check scanning equipment didn't already routinely use OCR, in addition to magnetic readers." *Id.* at 9-10. PNC then proceeds to cite evidence showing OCR was routinely used prior to the priority date of the MRDC Patents. *Id.*

The Court finds that PNC's arguments are unpersuasive and that the claims, as a whole, are directed towards eligible subject matter. As an initial matter, the only claims of the MRDC Patents specifically addressed in PNC's arguments are Claim 1 of the '605 Patent and the Claim 1 of '681 Patent. The Court finds that these claims are representative and will specifically address these claims. Claim 1 of the '605 Patent is as follows:

An image capture and processing system for use with a digital camera, the image capture and processing system comprising:

- a portable device comprising a general purpose computer including a processor coupled to a memory, the memory storing: camera software comprising instructions that, when executed by the processor, control the digital camera;

- a downloaded software component configured to control the camera software and to manage capturing electronic images, the software component comprising instructions that, when executed by the processor, cause the portable device to perform operations including: instructing a user of the portable device to place a check in front of the digital camera and have the digital camera capture electronic images of front and back sides of the check;

- displaying an instruction on a display of the portable device to assist the user in having the digital camera capture the electronic images of the check;

- assisting the user as to an orientation for capturing the electronic images of the check;

presenting the electronic images of the check to the user after the digital camera captures the electronic images;

transmitting, using a wireless network, a copy of the electronic images over a public electronic communications network from the portable device, wherein the transmitted copy of the electronic images is a modified version of the electronic images captured with the digital camera, the modified version having a different electronic format than the images captured with the digital camera;

and submitting the check for deposit after the system authenticates the user and after presenting the electronic images of the check to the user;

a plurality of processors coupled to a plurality of memory devices storing instructions that, when each instruction of the instructions is executed by a processor of the plurality of processors coupled to a memory device of the plurality of memory devices storing that instruction, cause the system to perform additional operations including:

confirming that the deposit can go forward after performing an optical character recognition on the check, the optical character recognition including determining an amount of the check, comparing the determined amount to an amount entered by the user into the portable device, and reading a MICR line of the check;

initiating the deposit after the confirming; and generating a log file for the deposit, the log file including a bi-tonal image of the check; and

another computer, remote from the portable device, comprising a processor coupled to a memory storing instructions that, when executed by the processor, cause the other computer to update a balance to reflect the amount of the check submitted for deposit by the portable device.

The Court finds that this claim is directed towards eligible subject matter, because as this Court stated in *Wells Fargo II*, the claim “improve[s] specialized check processing machines by enabling the function of those machines to be performed without specialized equipment.” *Wells Fargo II*, Dkt. No. 182 at 13. This is shown by the claim specifically reciting a “general purpose computer” and then providing features that enable the recited general purpose computer to perform the same functions as the specialized check processing machines of the prior art.

Similarly, the Court finds that Claim 1 of the '681 Patent enables a general purpose computer to perform functions previously performed only by specialized check processing machines, with Claim 1 reciting:

An image capture and processing system for use with optical character recognition (OCR), the image capture and processing system comprising:

- a portable device comprising a general purpose computer including a processor coupled to a memory, the memory storing: camera software comprising instructions that, when executed by the processor, control a digital camera;

- a downloaded software component to control the camera software and to handle capturing electronic images, the software component comprising instructions that, when executed by

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the processor, cause the portable device to perform operations including:

- instructing a user of the portable device to have the digital camera capture electronic images of front and back sides of a check;

- displaying a graphical illustration to assist the user in having the digital camera capture the electronic images of the check;

- giving an instruction to assist the user in placing the digital camera at a proper distance away from the check for capturing the electronic images;

- presenting the electronic images of the check to the user after the electronic images are captured;

- confirming that a deposit can go forward after optical character recognition (OCR) is performed on the check, the optical character recognition (OCR) determining an amount of the check, comparing the determined amount to an amount indicated by the user, and reading a Magnetic Ink Character Recognition (MICR) line of the check;

- checking for errors; and

- using a wireless network, transmitting a copy of the electronic images over a public communications network from the portable device and submitting the check for deposit after the user is authenticated, the electronic images of the check are presented to the user, and the portable device checks for errors;

a plurality of processors coupled to a plurality of memory devices storing instructions that, when each instruction of the instructions is executed by a processor of the plurality of processors coupled to a memory device of the plurality of memory devices storing that instruction, cause the system to perform one or more additional operations including generating a log file for the deposit, the log file including a bi-tonal image of the check; and

an other computer, remote from the portable device, comprising a processor coupled to a memory storing instructions that, when executed by the processor, cause the other computer to update a balance to reflect the check submitted for deposit by the portable device, wherein the transmitted copy of the electronic images is a modified version of the electronic images captured with the digital camera, the modified version having a different electronic format than the images captured with the digital camera.

Although PNC argues that the Court's *Wells Fargo II* decision hinged on the use of OCR technology and that this was error, Dkt. No. 477 at 4, the Court rejects this characterization of the past ruling. Under *Alice* step 1, the Court found that the claims' use of OCR was one of the specific features that enabled general purpose computers to recognize certain check information because the specialized check processing equipment traditionally relied on reading the Magnetic Ink Character Recognition (MICR) lines of the physical checks. *Wells Fargo II*, Dkt. No. 182 at 17. Therefore, the Court did not state that the claims were eligible because it used OCR in a new or innovative way, but rather, the claims' use of OCR was part of the



technical solution that imbues a general purpose computer with similar functionality as the specialized devices of the prior art.

Additionally, this argument, which was also raised by Wells Fargo, improperly conflates *Alice* step 2 with step 1. *Id.* at 18-19. Therefore, not only are PNC's arguments an inaccurate characterization of what this Court held in *Wells Fargo II*, but also improper under *Alice* step 1. The arguments also raise issues of anticipation and obviousness even though both of those defenses have recently been abandoned by PNC. In sum, the Court finds, for the same reasons as it did in *Wells Fargo II*, that the claims of the MRDC patents are directed towards eligible subject matter under *Alice* step 1 and our analysis does not proceed to step 2.

## **ii. Autocapture Patents**

In *Wells Fargo I*, the Court found, and USAA again argues in this case, that the Autocapture Patents claim a technological solution to the problem of “[c]apturing a digital image at a mobile device that allows for subsequent detection and extraction of the information from the digital image “ *Wells Fargo I* at 954. Furthermore, the Court in *Wells Fargo I* found that the claims of the '571 Patent addressed this problem because the claims were “directed to a machine-implemented process for detecting and capturing an image of sufficient quality to detect and extract relevant information from the image by a machine. Such claims are not directed to an abstract idea, even if the claimed invention replaces a prior human process. This is true because the claims improve that prior process in a technologically

inventive way.” *Id.* at 957. Thus, USAA argues that the claims of the Autocapture Patents “fall squarely in the class of patents that the Federal Circuit has found eligible because they claim a technological improvement.” Dkt. No. 323 at 16.

In response, PNC argues that the claims of the Autocapture Patents are directed towards the abstract idea of comparing an image to some generic criterion and, if the image satisfies the criterion, capturing the image and submitting it for deposit. Furthermore, PNC argues that the claims “merely automate data analysis steps previously performed by humans, without providing any specific technological solution.” *Id.* at 12. PNC further argues that the claims do not claim any specific means of implementing the purported technological solution but only claim general results. *Id.* at 13-15. Specifically, PNC argues that, at the “functional level at which the claims are written, the system they describe is insufficient to achieve the claimed result of producing a depositable check image.” *Id.* at 14. Finally, PNC argues that many of the features the Court found relevant in *Wells Fargo I* are only contained in the specification and not claimed, and therefore, irrelevant under *Alice* step 1. *Id.* at 16 (citing *Yu v. Apple*, 1 F.4th 1040, 1043-45 (Fed. Cir. 2021)). The Court finds that PNC arguments are unpersuasive and that the claims, as a whole, are directed towards eligible subject matter. The Court will focus its analysis on Claims 1 and 9 of the ’571 Patent and Claim 1 of the ’779 Patent because PNC’s arguments were directed toward these representative claims. Beginning with ’571 Patent, the Claim 1 recites:

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A non-transitory computer-readable medium comprising computer-readable instructions for depositing a check that, when executed by a processor, cause the processor to:

monitor an image of the check in a field of view of a camera of a mobile device with respect to a monitoring criterion using an image monitoring and capture module of the mobile device;

capture the image of the check with the camera when the image of the check passes the monitoring criterion; and

provide the image of the check from the camera to a depository via a communication pathway between the mobile device and the depository.

Claim 9 recites:

A non-transitory computer-readable medium comprising computer-readable instructions for depositing a check that, when executed by a processor, cause the processor to:

initialize a software object on a mobile device operated by a user, the software object configured to communicate with a camera;

monitor an image of the check in a field of view of the camera with respect to a monitoring criterion using an image monitoring and capture module associated with the camera;

capture the image of the check using the camera when the image of the check in the field of view passes the monitoring criterion; and

transmit the image of the check from the mobile device to a deposit system configured to clear the

check and deposit funds of the check into a deposit account of the user.

As stated above, the Court found in *Wells Fargo I* that the problem the '571 Patent seeks to solve is capturing images of sufficient quality to allow for subsequent detection and extraction of the information. After reviewing the claims of the '571 Patent, it is clear that the technical solution to this problem is to capture images of checks using a processor configured to automatically capture an image once certain criteria are met.

These criteria are clearly outlined in the specification. As stated in *Wells Fargo I*, the criteria utilized by the processor “are not akin to human photo evaluation” because the process uses information not “readily assessed in real-time by a human user looking at the image on a mobile device screen.” *Wells Fargo I* at 954. The Court goes on to cite examples from the specification of the '571 Patent including: “(1) monitoring skew by ‘measuring the distance from the edge(s) of the check 208 in the image to an alignment guide or the edge of the field of view’; (2) measuring the spacing of the MICR line to determine if “the spacing is outside of a certain range corresponding to valid spacing between number[s] in a MICR line”; or (3) generating “one or more histograms” to be “used in the determination of light contrast and/or light brightness monitoring criteria’ “ *Id.* at 955 (internal citations omitted). Based on this Court’s ruling in *Wells Fargo I* and the above analysis, the Court agrees with USAA that the claims of the '571 Patent clearly fall within the class of inventions the Federal Circuit has found eligible.

As to the '779 Patent, Claim 1 recites:

A system for depositing a check, comprising:

a mobile device having a camera, a display and a processor, wherein the processor is configured to:

project an alignment guide in the display of the mobile device, the display of the mobile device displaying a field of view of the camera;

monitor an image of the check that is within the field of view;

determine whether the image of the check aligns with the alignment guide;

automatically capture the image of the check when the image of the check is determined to align with the alignment guide; and

transmit the captured image of the check from the camera to a depository via a communication pathway between the mobile device and the depository.

Although the '779 Patent was not asserted in *Wells Fargo I*, the Court finds that Claim 1 also recites a technological solution to the problem of capturing images of sufficient quality to allow for subsequent detection and extraction of the information. Therefore, for the same reasons stated above, the Court finds that Claim 1 of the '779 Patent is directed towards eligible subject matter.

As to PNC's argument that the claims recite a system that is "insufficient to achieve the claimed result of producing a depositable check image," the thrust of this argument is that relying on a single criterion, as recited in the claims, does not ensure a

depositable check image. Thus, the system is ineligible because it does not provide a specific means of solving the technological problem it seeks to solve. *See* Dkt. No. 477 at 6-7. The Court finds that the claims recite features with enough specificity to be considered eligible subject matter. PNC's argument appears to conflate eligible subject matter with enablement. The Court sees no reason to require that the claimed processor or system generate a deposable image every time to be considered eligible subject matter.

Finally, PNC's remaining arguments are unpersuasive. PNC argues that the claims of the Autocapture Patents do not require nor claim the "asserted advance" over the prior art and that USAA improperly relies on the specification to provide the necessary details of the advance over the prior art. Dkt. No. 385 at 16 (citing *Yu*, 1 F.4th at 1044-45). However, unlike the claims in *Yu*, the claims of the Autocapture Patents specifically claim the asserted advance over the prior art—the use of monitoring criteria that enable a processor to determine when to automatically capture an image of the check. Therefore, *Yu* does not apply in this case.

Next, PNC argues that the claims are ineligible because they are directed towards data comparison and analysis. Dkt. No. 385 at 17 (citing *Bozeman Fin. LLC v. Fed. Rsrv. Bank of Atlanta*, 955 F.3d 971 (Fed. Cir. 2020); *Intell. Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307 (Fed. Cir. 2016)). This argument is unpersuasive because it is predicated on a gross over-generalization of the claims.

Thus, the Court finds, as it did in *Wells Fargo I and II*, that the claims of the Asserted Patents are eligible under *Alice* step 1.

**b. USAA's Motion to Strike**

In addition to seeking summary judgment on the issue of § 101, USAA filed a motion to strike portions of Mr. Mark Webster's opening report. Dkt. No. 310. The motion contained four sections, with the first two sections specific to Mr. Webster's opinions concerning *Alice* step 2. *Id.* 1-12. Given the Court's recommendation that summary judgment be granted in favor of USAA at *Alice* step 1, the Court finds that Mr. Webster's opinions that the claims of the Asserted Patents are ineligible under *Alice* step 2 are no longer relevant. Thus, the Court **STRIKES** ¶¶ 53-88 from Mr. Webster's report due to the fact in these paragraphs he offers opinions as to whether the claimed features are well-understood, routine, and conventional under *Alice* step 2.

The remaining two portions seek to strike specific paragraphs or information contained in Mr. Webster's opening report. In the first remaining portion, USAA seeks to strike ¶¶ 38, 49, which discusses Spanish bank BankInter's use of a mobile check deposit system; ¶ 51, which discusses West Virginia United Federal Credit Union's use of an iPhone-based check scan; and ¶ 50, which discusses a public use of Mitek's ImageNet system. *Id.* at 12-14. USAA argues that these discussions are irrelevant, unfairly prejudicial to USAA, and based on hearsay. *Id.* The Court finds that the opinions as to BankInter are irrelevant because BankInter relates to a system in use solely in a foreign country. Additionally, the Court finds that

Mr. Webster's opinions regarding the West Virginia United Federal Credit Union are not sufficiently reliable because of the underlying document's lack of probative value.

Next, after the briefing on this motion to strike concluded, PNC withdrew all invalidity arguments based on §§ 102 or 103. Based on the Court's ruling on § 101 above, the Court finds that the documents related to Mitek's ImageNet system have limited relevant probative value. This limited probative value is outweighed by the risk of jury confusion, especially given that the ImageNet system was previously asserted prior art. Therefore, the Court excludes Mr. Webster's opinions related to the Mitek ImageNet system. Thus, the Court **GRANTS** the motion as to these paragraphs and **STRIKES** ¶¶ 38, 49-51.

In the second remaining portion, USAA argues that PNC will introduce hearsay statements contained in third-party documents through Mr. Webster's testimony. *Id.* at 15. "USAA therefore respectfully requests that the Court strike and exclude publication of statements from these third party documents unless the document itself is deemed admissible at trial." *Id.* The Court **DENIES** the motion as to these paragraphs. If USAA is [*sic*] believes that PNC introducing hearsay statements into evidence, a contemporaneous objection is the appropriate remedy, not striking Mr. Webster's opinions.

#### **IV. Conclusion**

The Court finds that the asserted claims are eligible at *Alice* step 1. Therefore, the Court recommends **GRANTING** USAA's motion for summary judgment (Dkt. No. 323). By granting USAA's Motion for



Summary Judgment, it renders moot PNC's Motion for Summary Judgment and therefore, the Court recommends denying as moot PNC's Motion for Summary Judgment (Dkt. No. 322). Finally, the Court **GRANTS IN PART** USAA's Motion to Strike (Dkt. No. 310). A party's failure to file written objections to the findings, conclusions, and recommendations contained in this report **by no later than noon on May 6, 2022** bars that party from *de novo* review by the District Judge of those findings, conclusions, and recommendations and, except on grounds of plain error, from appellate review of unobjected-to factual findings and legal conclusions accepted and adopted by the district court. Fed. R. Civ. P. 72(b)(2); *see Douglass v. United Servs. Auto. Ass'n*, 79 F.3d 1415, 1430 (5th Cir. 1996) (*en banc*). Any objection to this Report and Recommendation must be filed in ECF under the event "Objection to Report and Recommendations [cv, respoth]" or it may not be considered by the District Judge.

**SIGNED, this 3rd day of May, 2022.**

*s/ Roy S. Payne*

ROY S. PAYNE  
UNITED STATES  
MAGISTRATE JUDGE

## APPENDIX E

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

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UNITED SERVICES	§	
AUTOMOBILE	§	
ASSOCIATION,	§	
<i>Plaintiff,</i>	§	
v.	§	CASE NO. 2:20-CV-
PNC BANK N.A.,	§	00319-JRG-RSP
<i>Defendant.</i>	§	
	§	

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**ORDER**

Plaintiff United Services Automobile Association (“USAA”) previously filed a Motion for Summary Judgment Dismissing PNC’s Patent-Eligibility Defenses (“USAA’s Motion for Summary Judgment”) (Dkt. No. 323) and Defendant PNC Bank N.A. (“PNC”) filed a Motion For Summary Judgment Of Lack Of Patent Eligibility Under 35 U.S.C. § 101 (“PNC’s Motion for Summary Judgment”) (Dkt. No. 322.) Magistrate Judge Payne entered a Report and Recommendations and Order (Dkt. No. 636), recommending granting USAA’s Motion for Summary Judgment and denying PNC’s Motion for Summary Judgment. As to the Order, Magistrate Judge Payne entered an Order granting in part the Motion to Strike Portions of the Opening Expert Report of Mark Webster (“Motion to Strike”) (Dkt. No. 310) filed by USAA. PNC has filed objections to the Report and Recommendations and Order (Dkt. Nos. 656, 657).

After conducting a *de novo* review of the briefing on all three motions, the Report and Recommendations and Order, and the briefing on PNC's Objections, the Court agrees with the reasoning provided within the Report and Recommendations and Order and concludes that the Objections fail to show that the Report and Recommendations and Order were erroneous. Consequently, the Court **OVERRULES** and PNC's Objections (Dkt. Nos. 656, 657) and

**ADOPTS** the Report and Recommendations and Order (Dkt. No. 636) and orders that USAA's Motion for Summary Judgment is **GRANTED**; PNC's Motion for Summary Judgment is **DENIED**; and the Motion to Strike is **GRANTED IN PART**.

**So ORDERED and SIGNED this 9th day of May, 2022.**

/s/ Rodney Gilstrap  
RODNEY GILSTRAP  
UNITED STATES DISTRICT  
JUDGE

## APPENDIX F

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

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UNITED SERVICES	§	
AUTOMOBILE	§	
ASSOCIATION,	§	
<i>Plaintiff</i>	§	CIVIL ACTION NO.
<i>and</i>	§	2:21-CV-00246-JRG
<i>Counter-Defendant,</i>	§	
v.	§	CIVIL ACTION NO.
PNC BANK N.A.,	§	2:22-CV-00193-JRG
<i>Defendant</i>	§	
<i>and</i>	§	
<i>Counter-Plaintiff.</i>	§	

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**AMENDED FINAL JUDGMENT**

A jury trial commenced in the above-captioned cases on September 12, 2022. On September 16, 2022, the jury reached and returned its unanimous verdict finding that Defendant PNC Bank N.A. (“PNC”) infringed at least one of Claims 1, 3, 5, 10, and 13 of the ’598 Patent and Claim 20 of the ’638 Patent (“USAA’s Asserted Claims”); that such infringement was not willful; that none of USAA’s Asserted Claims were invalid; and that Plaintiff United Services Automobile Association (“USAA”) is owed a one-time lump sum reasonable royalty of \$4,300,000.00 for PNC’s infringement. (Dkt. No. 390.) The jury also reached and returned a unanimous verdict finding that USAA did not infringe any of Claim 3 and 10 of the ’788 Patent or Claims 1, 2, and 5 of the ’786 Patent (“PNC’s Asserted Claims”) and that none of PNC’s

Asserted Claims were invalid. (*Id.*) The parties did not file any post-trial motions pursuant to Fed. R. Civ. P. 50(b). The parties represent that they have no live equitable defenses to be tried to the Court. (Dkt. No. 425; *see also* Dkt. No. 426.)

In Case Nos. 2:21-cv-00246 and 2:22-cv-00193,<sup>1</sup> following a jury trial, this Court entered a final judgment on February 16, 2023. (Dkt. No. 428.) Following disposition of post-judgment motions, PNC noticed a timely appeal, and USAA noticed a timely cross-appeal. (Dkt. Nos. 436, 450.) On appeal, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) raised concerns about the status of certain claims and counterclaims that the parties dropped in advance of trial and as a part of narrowing the case for trial and whether those impacted the finality of the case on appeal. Upon targeted remand from the Federal Circuit, the parties have suggested that this Court should clarify that, pursuant to this Court’s typical practice, claims and counterclaims that are not presented at trial because the parties narrowed their contentions in advance of trial are dismissed without prejudice. (*See* Dkt. No. 456.)

Pursuant to Rule 58 of the Federal Rules of Civil Procedure, and in accordance with the jury’s unanimous verdict and the entirety of the record, the Court **ENTERS ITS AMENDED JUDGMENT** as follows:

1. PNC has infringed at least one of USAA’s Asserted Claims;

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<sup>1</sup> The Court consolidated Case Nos. 2:21-cv-00246 and 2:22-cv-00193 for all purposes, including pre-trial and trial. (Case No. 2:22-cv-00193 Dkt. No. 1.)

2. USAA's Asserted Claims are not invalid;
3. PNC's infringement was not willful;
4. USAA is hereby awarded damages from and against PNC and USAA shall accordingly have and recover from PNC the sum of \$4,300,000.00 U.S. Dollars as a one-time lump sum reasonable royalty for PNC's infringement;
5. USAA has not infringed any of PNC's Asserted Claims;
6. PNC's Asserted Claims are not invalid;
7. Pursuant to 35 U.S.C. § 284 and Supreme Court guidance that "prejudgment interest shall ordinarily be awarded absent some justification for withholding such an award,"<sup>2</sup> the Court awards to USAA from PNC prejudgment interest applicable to all sums awarded herein, calculated at the 5-year U.S. Treasury Bill rate, compounded quarterly, from the date of infringement through the date of entry of this Judgment;<sup>3</sup> and
8. Pursuant to 28 U.S.C. § 1961, the Court awards to USAA from PNC post-judgment interest applicable to all sums awarded herein, at the statutory rate, from the date of entry of this Judgment until paid.
9. Pursuant to Federal Rule of Civil Procedure 54(d), Local Rule CV-54, and 28 U.S.C. § 1920,

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<sup>2</sup> *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 657 (1983).

<sup>3</sup> *See Nickson Indus., Inc. v. Rol Mfg. Co., Ltd.*, 847 F.2d 795, 800–801 (Fed. Cir. 1988).

USAA is the prevailing party in this case and shall recover its costs from PNC. USAA is directed to file its proposed Bill of Costs.

10. All claims and counterclaims relating to patents asserted but not tried to the jury are dismissed without prejudice, including but not limited to all claims and counterclaims relating to U.S. Patent No. 9,224,136.
11. The Stipulation Regarding Execution of Judgment (Dkt. No. 431), which governs the execution of the Final Judgment (Dkt. No. 428) or this Amended Judgment, is incorporated as if fully set forth herein.
12. This Amended Final Judgment shall be and is effective for all purposes as of February 16, 2023, being the date of entry of the original Final Judgment (Dkt. No. 428) herein.

All other requests for relief now pending and requested by either party but not specifically addressed herein are **DENIED**.

**So ORDERED and SIGNED this 5th day of December, 2024.**

s/ Rodney Gilstrap  
RODNEY GILSTRAP  
UNITED STATES DISTRICT  
JUDGE

## APPENDIX G

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

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UNITED SERVICES	§	
AUTOMOBILE	§	
ASSOCIATION,	§	CIV. A. NOS. 2:20-
<i>Plaintiff,</i>	§	CV-00319-JRG
v.	§	(LEAD)
PNC BANK N.A.,	§	2:21-CV-00110-JRG
<i>Defendant.</i>	§	
	§	

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**AMENDED FINAL JUDGMENT**

A jury trial commenced in the above-captioned case on May 9, 2022. On May 13, 2022, the jury reached and returned its unanimous verdict finding that Defendant PNC Bank, N.A. (“PNC”) infringed at least one of Claims 1, 3, 5, and 21 of the ’432 Patent; Claims 12, 13, 22, 26, and 30 of the ’681 Patent; Claims 12, 13 and 22 of the ’605 Patent; and Claims 1, 2, 9, 12, and 13 of the ’571 Patent (the “Asserted Claims”); that such infringement was willful; that none of the Asserted Claims were invalid; and that Plaintiff United Services Automobile Association (“USAA”) is owed a reasonable royalty of \$218,450,000.00 for PNC’s infringement. (Dkt. No. 710.)

After the trial, the parties agreed to forego a bench trial on PNC’s asserted equitable defenses. The parties agreed that said defenses should be resolved by the Court on the papers in order to facilitate



resolution before trial begins in Case No. 2:21-cv-246 between these parties. On August 19, 2022, the Court issued Findings of Fact and Conclusions of Law, wherein the Court held that PNC failed to show that the equitable defenses of prosecution history estoppel and unclean hands should displace the jury's verdict in this case. (Dkt. No. 744.)

In Case Nos. 2:20-cv-00319 and 2:21-cv-00110,<sup>1</sup> following a jury trial, this Court entered a final judgment on August 19, 2022. (Dkt. No. 745.) Following disposition of post-judgment motions, PNC noticed a timely appeal. (Dkt. No. 784.) On appeal, the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") raised concerns about the status of certain claims and counterclaims that the parties dropped in advance of trial and as a part of narrowing the case for trial and whether those impacted the finality of the case on appeal. Upon targeted remand from the Federal Circuit, the parties have suggested that this Court should clarify that, pursuant to this Court's typical practice, claims and counterclaims that are not presented at trial because the parties narrowed their contentions in advance of trial are dismissed without prejudice. (*See* Dkt. No. 791.)

Accordingly, in response to the parties' joint request and in response to the directives of the Federal Circuit, the Court amends its earlier judgment hereby and as follows: Pursuant to Rule 58 of the Federal Rules of Civil Procedure, and in accordance with the jury's unanimous verdict and the entirety of the

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<sup>1</sup> The Court consolidated Case Nos. 2:20-cv-00319 and 2:21-cv-00110 for all purposes, including pre-trial and trial. (Dkt. No. 144.)

record, the Court **ENTERS AMENDED JUDGMENT** as follows:

1. PNC has infringed at least one of the Asserted Claims;
2. The Asserted Claims are not invalid;
3. PNC's infringement was willful;
4. USAA is hereby awarded damages from and against PNC and shall accordingly have and recover from PNC the sum of \$218,450,000.00 U.S. Dollars as a reasonable royalty for PNC's infringement;
5. Notwithstanding the jury's finding of willfulness, the Court having considered the totality of the circumstances together with the added material benefit of having presided throughout the jury trial and having seen the same evidence and heard the same arguments as the jury, and mindful that enhancement is generally reserved for "egregious cases of culpable behavior,"<sup>2</sup> concludes that enhancement of the compensatory award herein is not warranted under 35 U.S.C. § 284 and consequently, the Court elects not to enhance the damages awarded herein;
6. Pursuant to 35 U.S.C. § 284 and Supreme Court guidance that "prejudgment interest shall ordinarily be awarded absent some justification for withholding such an award,"<sup>3</sup>

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<sup>2</sup> *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S.Ct. 1923, 1934 (2016).

<sup>3</sup> *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 657 (1983).

the Court awards to USAA from PNC pre-judgment interest applicable to all sums awarded herein, calculated at the 5-year U.S. Treasury Bill rate, compounded quarterly, from the date of infringement through the date of entry of this Judgment;<sup>4</sup> and

7. Pursuant to 28 U.S.C. § 1961, the Court awards to USAA from PNC post-judgment interest applicable to all sums awarded herein, at the statutory rate, from the date of entry of this Judgment until paid.
8. Pursuant to Federal Rule of Civil Procedure 54(d), Local Rule CV-54, and 28 U.S.C. § 1920, USAA is the prevailing party in this case and shall recover its costs from PNC. USAA is directed to file its proposed Bill of Costs.
9. All claims and counterclaims relating to patents asserted but not tried to the jury are dismissed without prejudice, including but not limited to all claims and counterclaims relating to U.S. Patent Nos. 8,699,779 and 10,621,559.
10. The Stipulation Regarding Execution of Judgment (Dkt. No. 750), which governs the execution of the Final Judgment (Dkt. No. 745) or this Amended Judgment, is incorporated as if fully set forth herein.
11. This Amended Final Judgment shall be and is effective for all purposes as of August 19, 2022, being the date of entry of the original Final Judgment (Dkt. No. 745) herein.

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<sup>4</sup> See *Nickson Indus., Inc. v. Rol Mfg. Co., Ltd.*, 847 F.2d 795, 800–801 (Fed. Cir. 1988).

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All other requests for relief now pending and requested by either party but not specifically addressed herein are **DENIED**.

**So ORDERED and SIGNED this 5th day of December, 2024.**

*s/ Rodney Gilstrap*  
RODNEY GILSTRAP  
UNITED STATES DISTRICT  
JUDGE

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APPENDIX H

NOTE: This order is nonprecedential.

**UNITED STATES COURT OF APPEALS FOR  
THE FEDERAL CIRCUIT**

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**UNITED SERVICES AUTOMOBILE  
ASSOCIATION,**

*Plaintiff-Cross-Appellant*

**v.**

**PNC BANK N.A.,**

*Defendant-Appellant*

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2023-1639, 2025-1276, 2023-1866, 2025-1341

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Appeals from the United States District Court for the  
Eastern District of Texas in Nos. 2:21-cv-00246-JRG,  
2:22-cv-00193-JRG, Judge J. Rodney Gilstrap.

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**ON PETITION FOR PANEL REHEARING AND  
REHEARING EN BANC**

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Before MOORE, *Chief Judge*, LOURIE,  
CLEVINGER<sup>1</sup>, DYK, PROST, REYNA, TARANTO,  
CHEN, HUGHES, STOLL, CUNNINGHAM, and  
STARK, *Circuit Judges*.<sup>2</sup>

PER CURIAM.

**O R D E R**

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<sup>1</sup> Circuit Judge Clevenger participated only in the decision on  
the petition for panel rehearing.

<sup>2</sup> Circuit Judge Newman did not participate.

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United Services Automobile Association filed a combined petition for panel rehearing and rehearing en banc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

FOR THE COURT

s/ Jarrett B. Perlow

September 16, 2025

Date

Jarrett B. Perlow  
Clerk of Court

APPENDIX I

NOTE: This order is nonprecedential.

**UNITED STATES COURT OF APPEALS FOR  
THE FEDERAL CIRCUIT**

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**UNITED SERVICES AUTOMOBILE  
ASSOCIATION,**

*Plaintiff-Appellee*

**v.**

**PNC BANK N.A.,**

*Defendant-Appellant*

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2023-1778, 2025-1277

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Appeals from the United States District Court for the  
Eastern District of Texas in Nos. 2:20-cv-00319-JRG-  
RSP, 2:21-cv-00110-JRG, Judge J. Rodney Gilstrap.

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**ON PETITION FOR PANEL REHEARING AND  
REHEARING EN BANC**

---

Before MOORE, *Chief Judge*, LOURIE,  
CLEVINGER<sup>1</sup>, DYK, PROST, REYNA, TARANTO,  
CHEN, HUGHES, STOLL, CUNNINGHAM, and  
STARK, *Circuit Judges*.<sup>2</sup>

PER CURIAM.

**O R D E R**

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<sup>1</sup> Circuit Judge Clevenger participated only in the decision on  
the petition for panel rehearing.

<sup>2</sup> Circuit Judge Newman did not participate.

70a

United Services Automobile Association filed a combined petition for panel rehearing and rehearing en banc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

FOR THE COURT

s/ Jarrett B. Perlow

September 16, 2025

Date

Jarrett B. Perlow

Clerk of Court