
IN THE
Supreme Court of the United States

UNITED SERVICES AUTOMOBILE ASSOCIATION,

Petitioner,

v.

PNC BANK N.A.,

Respondent.

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

PETITION FOR A WRIT OF CERTIORARI

JASON SHEASBY
IRELL & MANELLA LLP
1800 Avenue of the Stars
Los Angeles, CA 90067

LISA GLASSER
ANTHONY ROWLES
STEPHEN PAYNE
IRELL & MANELLA LLP
840 Newport Center Dr.
Newport Beach, CA 92660

WILLIAM M. JAY
Counsel of Record
GOODWIN PROCTER LLP
1900 N Street, NW
Washington, DC 20036
wjay@goodwinlaw.com
(202) 346-4000

JESSE LEMPEL
GOODWIN PROCTER LLP
100 Northern Avenue
Boston, MA 02210

January 14, 2026

Counsel for Petitioner

QUESTIONS PRESENTED

Congress has authorized inventors to patent “any new and useful process,” or “any new and useful improvement thereof.” 35 U.S.C. § 101. This Court has read § 101 to include an implicit exception that bars patenting an “abstract idea.”

The questions presented are:

1. Whether the Federal Circuit has wrongly extended the prohibition on patenting an “abstract idea”—such as mathematical formulae, fundamental economic practices, or methods of organizing human activity—to also prohibit patenting concrete technological processes.
2. Whether the Federal Circuit has wrongly held that, as a matter of law, a computer-implemented technological invention is patent-eligible only if it claims improvements to computer functionality itself.

PARTIES TO THE PROCEEDING

All parties appear in the caption of the case on the cover page.

RULE 29.6 STATEMENT

Petitioner United Services Automobile Association has no parent company and no publicly held company owns 10% or more of its stock.

RELATED PROCEEDINGS

U.S. District Court for the Eastern District of Texas:

United Services Automobile Association v. PNC Bank N.A., Nos. 2:20-cv-00319 and 2:21-cv-00110

United Services Automobile Association v. PNC Bank N.A., Nos. 2:21-cv-00246 and 2:22-cv-00193

U.S. Court of Appeals for the Federal Circuit:

United Services Automobile Association v. PNC Bank N.A., Nos. 23-1639, 23-1866, 25-1276, and 25-1341 (June 12, 2025), *reh'g denied* (Sept. 16, 2025)

United Services Automobile Association v. PNC Bank N.A., Nos. 23-1778 and 25-1277 (June 12, 2025), *reh'g denied* (Sept. 16, 2025)

TABLE OF CONTENTS

Introduction	1
Opinions Below	4
Jurisdiction	4
Statutory Provision Involved	5
Statement.....	5
A. This Court’s two-step framework governing patent eligibility under § 101.....	5
B. USAA invents the first-ever process for depositing checks using an ordinary handheld mobile device.	7
C. The asserted patents.	10
D. Proceedings below.....	13
Reasons for Granting the Writ.....	16
I. The Federal Circuit systematically misapplies <i>Alice</i> because it cannot determine what constitutes an “abstract idea.”	18
A. The abstract-idea category has not been defined.	18
B. The Federal Circuit has expanded the abstract-idea exception well beyond the categories described in this Court’s cases.	20
C. The decisions below squarely present the Federal Circuit’s problematic contraction of patent eligibility.....	23

II. This Court’s review is also needed to clarify that “improving a user’s experience while using a computer” is not categorically patent-ineligible.....	24
III. The scope of the abstract-idea category is exceptionally important and frequently litigated.	28
IV. These cases are excellent vehicles to clarify the abstract-idea exception.....	34
Conclusion.....	37
Appendix A: Opinion of the Federal Circuit in No. 23-1639 (June 12, 2025)	1a
Appendix B: Opinion of the Federal Circuit in No. 23-1778 (June 12, 2025)	15a
Appendix C: Order of the District Court Granting Summary Judgment in No. 21-cv-00246 (Aug. 31, 2022)	32a
Appendix D: Report & Recommendation of the Magistrate Judge in No. 20-cv-00319 (May 3, 2022).....	34a
Appendix E: Order of the District Court Granting Summary Judgment in No. 20-cv-00319 (May 9, 2022)	56a
Appendix F: Amended Final Judgment in No. 21-cv-00246 (Dec. 5, 2024)	58a
Appendix G: Amended Final Judgment in No. 20-cv-00319 (Dec. 5, 2024)	62a

Appendix H: Order of the Federal Circuit Denying Rehearing in No. 23-1639 (Sept. 16, 2025).....	67a
Appendix I: Order of the Federal Circuit Deny- ing Rehearing in No. 23-1778 (Sept. 16, 2025).....	69a

TABLE OF AUTHORITIES

	Page(s):
Cases:	
<i>Affinity Labs of Tex., LLC v. Amazon.com Inc.</i> , 838 F.3d 1266 (Fed. Cir. 2016).....	21
<i>Aftechmobile Inc. v. Salesforce.com, Inc.</i> , 853 F. App'x 669 (Fed. Cir. 2021) (per curiam).....	21
<i>Alice Corp. v. CLS Bank International</i> , 573 U.S. 208 (2014).....1, 3, 5, 6, 18-19, 21-23, 25, 27, 33	
<i>Am. Axle & Mfg., Inc. v. Neapco Holdings LLC</i> , 141 S. Ct. 2594 (2021)	35
<i>Am. Axle & Mfg., Inc. v. Neapco Holdings LLC</i> , 966 F.3d 1347 (Fed. Cir. 2020).....	32
<i>Am. Axle & Mfg., Inc. v. Neapco Holdings LLC</i> , 977 F.3d 1379 (Fed. Cir. 2020).....	30, 32, 33
<i>Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.</i> , 841 F.3d 1288 (Fed. Cir. 2016).....	16, 19
<i>Amgen Inc. v. Sanofi</i> , 598 U.S. 594 (2023)	31

<i>Art Rsch. & Tech. LLC v. Google, LLC,</i> 2025 WL 2772608 (N.D. Cal. Sept. 29, 2025).....	28
<i>Athena Diagnostics, Inc. v. Mayo Collaborative Servs., LLC,</i> 140 S. Ct. 855 (2020)	35
<i>Berkheimer v. HP Inc.,</i> 881 F.3d 1360 (Fed. Cir. 2018).....	7
<i>Berkheimer v. HP Inc.,</i> 890 F.3d 1369 (Fed. Cir. 2018).....	33
<i>Bilski v. Kappos,</i> 561 U.S. 593 (2010)	5, 6, 18, 19, 27
<i>CareDx Inc. v. Natera, Inc.,</i> 144 S. Ct. 248 (2023)	35
<i>Chamberlain Grp., Inc. v. Techtronic Indus. Co.,</i> 935 F.3d 1341 (Fed. Cir. 2019).....	21, 22
<i>Customedia Techs., LLC v. Dish Network Corp.,</i> 951 F.3d 1359 (Fed. Cir. 2020).....	25, 28
<i>Diamond v. Chakrabarty,</i> 447 U.S. 303 (1980)	5, 27
<i>Diamond v. Diehr,</i> 450 U.S. 175 (1981)	27
<i>Enfish, LLC v. Microsoft Corp.,</i> 822 F.3d 1327 (Fed. Cir. 2016).....	25

<i>Gottschalk v. Benson</i> , 409 U.S. 63 (1972)	18, 25, 27
<i>Impact Engine, Inc. v. Google LLC</i> , 145 S. Ct. 1314 (2025)	36
<i>Interactive Wearables, LLC v. Polar Electro Oy</i> , 143 S. Ct. 2482 (2023)	3, 20, 23
<i>Interval Licensing LLC v. AOL, Inc.</i> , 896 F.3d 1335 (Fed. Cir. 2018).....	19, 21
<i>Longitude Licensing Ltd. v. Google LLC</i> , 2025 WL 1249136 (Fed. Cir. Apr. 30, 2025).....	21
<i>Maxell, Ltd. v. TCL Elecs. Holdings Ltd.</i> , 2025 WL 957517 (E.D. Tex. Mar. 31, 2025).....	28
<i>Mayo Collaborative Servs. v. Prometheus Lab'ys, Inc.</i> , 566 U.S. 66 (2012)	6
<i>Mobile Acuity Ltd. v. Blippar Ltd.</i> , 110 F.4th 1280 (Fed. Cir. 2024)	28
<i>Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC</i> , 584 U.S. 325 (2018)	29
<i>Parker v. Flook</i> , 437 U.S. 584 (1978)	18

<i>Pearson v. Callahan</i> , 555 U.S. 223 (2009)	33
<i>Recentive Analytics, Inc. v. Fox Corp.</i> , 134 F.4th 1205 (Fed. Cir. 2025), <i>cert. denied</i> , No. 25-505 (Dec. 8, 2025).....	15, 20
<i>Rideshare Displays, Inc. v. Lyft, Inc.</i> , 2025 WL 2751580 (Fed. Cir. Sept. 29, 2025).....	28
<i>Simio, LLC v. FlexSim Software Prods., Inc.</i> , 983 F.3d 1353 (Fed. Cir. 2020).....	24, 25, 26, 28
<i>Smart Sys. Innovations, LLC v. Chi. Transit Auth.</i> , 873 F.3d 1364 (Fed. Cir. 2017)....	2, 22, 24, 30, 33
<i>South Dakota v. Wayfair, Inc.</i> , 585 U.S. 162 (2018)	33
<i>Tropp v. Travel Sentry, Inc.</i> , 143 S. Ct. 2483 (2023)	3
<i>Yu v. Apple Inc.</i> , 1 F.4th 1040 (Fed. Cir. 2021)	21
Statutes:	
28 U.S.C. § 1254(1)	5
35 U.S.C. § 101.....	1, 5

Other Authorities:

IBM Corp., Comments for “Patent Eligibility Jurisprudence Study,” Docket No. PTO-P-2021-0032 (Oct. 8, 2021), https://www.regulations.gov/comment/PTO-P-2021-0032-0078	32
Raguraman Kumaresan, Comment, <i>Yu v. Apple - The Abstract Idea Conundrum: It's Time to Either Adopt the Dictionary Definitions or Abandon the Unworkable Abstract Idea Doctrine</i> , 56 UIC L. Rev. 301 (2023)	20
Mark A. Lemley & Samantha Zyontz, <i>Does Alice Target Patent Trolls?</i> , 18 J. Empirical Legal Studies 47 (2021)	28
<i>Patentable Subject Matter Reform: Hearings Before the Senate Judiciary Committee</i> (June 4, 2019) (statement of Mark A. Lemley), https://www.judiciary.senate.gov/imo/media/doc/Lemley%20Testimony.pdf	31
Pauline Pelletier & Eric Steffe, <i>The Politics of Patent Law—Why Patent Reform Failed in 2015 and Prospects for 2016</i> , 8 Landslide 4 (July/August 2016)	33
PTO, 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019)	30

PTO, Report to Congress, <i>Patent eligible subject matter: Public views on the current jurisprudence in the United States</i> (2022), https://bit.ly/4pc9max	31, 34
PTO, <i>Statement by Director Squires before the United States Senate Subcommittee on Intellectual Property Committee on the Judiciary</i> (Oct. 10, 2025), https://www.uspto.gov/about-us/news-updates/statement-director-squires-united-states-senate-subcommittee-intellectual	30
PTO, Manual of Patent Examining Procedure § 2106.04(a) (9th ed. rev. 2024)	19
Gene Quinn, <i>Senator Thom Tillis: If IP Stakeholders Can't Find Consensus, Congress Can't Help</i> , IPWatchdog (May 5, 2020), https://bit.ly/4p4O9za	34
Matthew G. Sipe, <i>Patent Law 101: I Know It When I See It</i> , 37 Harv. J.L. & Tech. 447 (2024)	29
David O. Taylor, <i>Patent Eligibility and Investment</i> , 41 Cardozo L. Rev. 2019 (2020)	32

United Services Automobile Association (USAA) respectfully petitions for a writ of certiorari to review the judgments of the United States Court of Appeals for the Federal Circuit.

INTRODUCTION

A technological “process” should at least be *eligible* for a patent if it is “new and useful.” 35 U.S.C. § 101. But the Federal Circuit continues to broaden the scope of an implicit exception to § 101—and shrink eligibility for patent protection.

The judge-made exception bars patenting an “abstract idea.” Congress’s grant of patent-eligibility is a broad one, and this exception is supposed to be a narrow one aimed at preventing individual inventors from locking up the “building blocks of human ingenuity.” *Alice Corp. v. CLS Bank International*, 573 U.S. 208, 216 (2014). But the Federal Circuit has made it less and less narrow. As several of its judges have correctly lamented, that court systematically misclassifies technological processes as ineligible “abstract ideas.” That error has transformed the modest “abstract idea” exception into a sinkhole that swallows technological processes. Even when the inventor of such a process shows that it directs existing technology to a “new and useful end,” as *Alice* expressly permits, *id.* at 217 (citation omitted), the Federal Circuit categorically disregards that evidence and holds such inventions ineligible, as a matter of law, unless they fit a narrow exception for inventions claiming improved functioning of computer technology.

The Federal Circuit’s arbitrary, atextual approach means that new and useful adaptations of computer technology to solve real-world problems are hardly

ever patent-eligible. Alarmingly, such patents are frequently invalidated under § 101 *after* the inventor has disclosed the technology in an issued patent.

The companion decisions below exemplify this problem. USAA provides banking services to U.S. military servicemembers and their families, including many deployed overseas—which made it difficult for USAA members to deposit checks. So, almost 20 years ago, USAA invented the first remote check deposit process that works on an ordinary mobile device, instead of the specialized check scanners previously required. That invention had no trouble satisfying the “new and useful” requirement: other banks literally thought it couldn’t be done—until USAA did it. Yet the Federal Circuit held that USAA’s breakthrough invention is ineligible for patent protection because the asserted claims are “directed to the abstract idea of depositing a check using a handheld mobile device.” Pet.App.7a, 20a.

As that holding showcases, the Federal Circuit’s notion of an “abstract idea” has expanded beyond recognition: “[D]epositing a check using a handheld mobile device” is a technological process, not an abstract idea. Because the “contours” of an abstract idea have become so ill-defined, several Federal Circuit judges have criticized “the abstract idea exception [a]s almost impossible to apply consistently and coherently.” *Smart Sys. Innovations, LLC v. Chi. Transit Auth.*, 873 F.3d 1364, 1377 (2017) (Linn, J., concurring in part and dissenting in part). The U.S. Patent and Trademark Office (PTO) has likewise expressed deep frustration with this amorphous and unpredictable judicial exception. So has industry. And the Solicitor General has repeatedly recommended that this

Court grant certiorari “to clarify the proper reach and application of the abstract-idea exception.” U.S. Amicus Br. at 10, *Interactive Wearables, LLC v. Polar Electro Oy and Tropp v. Travel Sentry, Inc.*, 143 S. Ct. 2482-2483 (2023) (Nos. 21-1281 and 22-22).

These cases are ideal vehicles to do so, because they present the basic problem with the Federal Circuit’s jurisprudence: mislabeling technological processes as abstract ideas. Since *Alice*, 90% of patent-eligibility litigation has revolved around the abstract-idea exception. This Court has denied previous § 101 petitions that either involved *different* judge-made exceptions or else presented more peripheral disputes about how to determine what a claim is “directed to.” These cases would allow the Court to clarify the more fundamental question of what is, and is not, an abstract idea.

Review is independently warranted to reject the Federal Circuit’s categorical rule that the *only* patent-eligible innovation using computer technology is one “directed to an improvement in computer functionality.” Pet.App.10a (citation omitted). Under this rule, even “improving a user’s experience while using a computer application” is insufficient. *Id.* This experience/functionality distinction is baseless. And the way the Federal Circuit applies it—as a matter of law—retreats from what this Court said in *Alice*: that “[a]pplications’ of [abstract] concepts ‘to a new and useful end’” would “remain eligible for patent protection.” 573 U.S. at 217 (brackets, quotation marks, and citation omitted). The Court should grant certiorari to clarify that improving a user’s experience while using a computer is not categorically beyond the protection of patent law, especially where evidence of the

state of the art shows the innovation to be novel and not conventional.

At a minimum, the Court should call for the Solicitor General’s views on these questions. Administrations of both political parties have repeatedly advised the Court to grant certiorari in an appropriate § 101 case. This Administration has not yet been invited to file an amicus brief on this issue, though it has signaled disagreement with the Federal Circuit’s current approach. The Court may benefit from receiving the Solicitor General’s views.

OPINIONS BELOW

The Federal Circuit’s opinion (Pet.App.1a-14a) in Nos. 23-1639, 23-1866, 25-1276, 25-1341 (“No. 23-1639”) is reported at 139 F.4th 1332. The Federal Circuit’s opinion (Pet.App.15a-31a) in Nos. 23-1778 and 25-1277 (“No. 23-1778”) is unreported; it is available at 2025 WL 1662737. The district court’s opinions (Pet.App.32a-57a) are unreported; the magistrate judge’s report and recommendation is available at 2022 WL 1465017, and the district court’s order is available at 2022 WL 1463771.

Pursuant to this Court’s Rule 12.4, USAA is filing a single petition covering the above judgments because they were issued by the same court and involve identical or closely related questions.

JURISDICTION

The court of appeals entered judgment in both groups of consolidated cases below on June 12, 2025. USAA’s petitions for rehearing en banc were denied on September 16, 2025 (Pet.App.67a-70a). On December 5, 2025, the Chief Justice extended the time to file a petition for a writ of certiorari until January 14,

2026. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

35 U.S.C. § 101 provides: “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”

STATEMENT

A. This Court’s two-step framework governing patent eligibility under § 101.

Section 101 of the Patent Act “defines the subject matter that may be patented.” *Bilski v. Kappos*, 561 U.S. 593, 601 (2010). It specifies that the invention or discovery of “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof,” is eligible for patent protection. 35 U.S.C. § 101. “In choosing such expansive terms modified by the comprehensive ‘any,’ Congress plainly contemplated that the patent laws would be given wide scope.” *Bilski*, 561 U.S. at 601 (citation and ellipsis omitted)).

Notwithstanding this sweeping statutory text, this “Court’s precedents provide three specific exceptions to § 101’s broad patent-eligibility principles: ‘laws of nature, physical phenomena, and abstract ideas.’” *Id.* (quoting *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980)). This “exclusionary principle” is driven by the “concern that patent law not inhibit further discovery by improperly tying up the future use of these building blocks of human ingenuity.” *Alice*, 573 U.S. at 216

(quoting *Mayo Collaborative Servs. v. Prometheus Lab'ys, Inc.*, 566 U.S. 66, 85 (2012)).

Yet this Court “tread[s] carefully in construing this exclusionary principle lest it swallow all of patent law,” because “[a]t some level, ‘all inventions embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.’” *Id.* at 217 (citation and omission deleted). In “applying the § 101 exception,” therefore, this Court has held that courts “must distinguish between patents that claim the ‘building blocks’ of human ingenuity and those that integrate the building blocks into something more.” *Id.* (brackets and quotation marks deleted) (quoting *Mayo*, 566 U.S. at 89).

In *Alice* and *Mayo*, this Court set forth a two-step “framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Id.* At “step one,” courts “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If not, then the § 101 inquiry ends: the invention is patent-eligible.¹

If the claims are directed to ineligible subject matter, they may still be eligible. *Alice* thus directs courts to move on to “step two,” which is “a search for 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 ineligible concept itself.” *Id.* at 217-218

¹ Eligibility “is only a threshold test,” however, so the invention must also satisfy the Patent Act’s other requirements: *e.g.*, being “novel, see § 102, nonobvious, see § 103, and fully and particularly described, see § 112.” *Bilski*, 561 U.S. at 602.

(brackets, quotation marks, and citation omitted). The Step 2 inquiry requires “a factual determination.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1369 (Fed. Cir. 2018).

B. USAA invents the first-ever process for depositing checks using an ordinary handheld mobile device.

USAA is an association cooperatively owned by those it serves: members of the U.S. military, veterans, and their families. C.A.App.1199-1201.² Because USAA serves military families whether they are stationed at home or deployed overseas, it does not operate a traditional branch network. This historically made it difficult for USAA members to deposit checks. That challenge inspired USAA’s innovation engineers to come up with the invention at issue—a solution allowing USAA members to deposit checks from anywhere in the world using devices that they already possessed—and to overcome technological hurdles that had deterred other financial institutions.

1. The inventiveness of the relevant inventions is judged as of 2006, when the parent application for the patents-in-suit was filed. At that time, remote check deposit technology consisted of specialized check-scanning equipment. C.A.App.6253, 6275, 1204. The industry thought that was the only way to reliably ensure capture of check images meeting the highly specific technical requirements for deposit. C.A.App.6276, 1250. Specialized check scanners ensure quality by using a controlled environment—the document feeder ensures the check always goes into

² References to “C.A.App.” refer to the appendix filed in No. 23-1639 below, unless otherwise noted.

the scanner the same way, the inside of the scanner has controlled (and constant) lighting and environmental conditions, and the scanning equipment is specifically designed to read checks. C.A.App.1250, 6277.

By contrast, it was difficult to capture a reliable image of a check using a common consumer device, such as a mobile phone, in place of a specialized scanner. The picture must meet specific technical criteria, but the environment is uncontrolled: there are no feeders, the mobile phone can be placed in many positions relative to the check, phones have different cameras and software, they are used in all sorts of different conditions, and their users have a wide range of physical attributes and skill levels. C.A.App.6277.

Merely having the user eyeball a photo's quality is completely inadequate for the task. USAA's technical expert explained that people "simply cannot reliably distinguish with a human eye when an image is of sufficient quality for" the computer-based automatic-recognition ("Reco") systems to accept. C.A.App.6276. Many check images appear "[e]asily [d]ecipherable" to the human eye but are rejected by Reco systems:

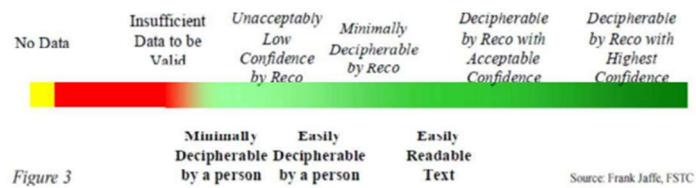


Figure 3

Source: Frank Jaffe, FSTC

Id. Conventional mobile photography methods—where a customer just pointed her mobile camera at the check and took whatever picture looked good enough—were too unreliable. PNC expressly conceded at summary judgment that “[u]sing a digital camera to capture check images ... involves many

technological challenges not present when a scanner was used.” C.A.App.15346. In 2006, remote check deposit still required the use of scanners configured for check imaging. C.A.App.6275; Pet.App.3a.

Specialized scanners were thought necessary for another reason: Checks contain a Magnetic Ink Character Recognition (MICR) line printed on the bottom left of the paper in magnetic ink. C.A.App.6297. Specialized check scanners available in 2006 included a magnetic sensor to read the MICR line. C.A.App.1249-1250, 1254. Such specialized sensors are absent from commonly available handheld mobile devices. *Id.*

2. All of this changed when USAA invented a new method of remote check deposit. Starting around 2005, USAA’s innovation engineers researched and developed technology to overcome these technical hurdles and enable check deposit from anywhere in the world, even Iraq or Afghanistan, *without* specialized equipment. C.A.App.1195.

USAA’s technological solution involved a downloaded mobile app programmed to *assist* the member to take a *technically compliant* picture. Moreover, the claimed inventions perform “optical character recognition” (OCR) and include other techniques to confirm that the image was usable for a deposit—*without* any use of a magnetic sensor or other specialized scanner equipment. As USAA’s expert opined, using such “remote deposit applications” or “downloaded app[s] to control the image capture device” was not “well-known, routine or conventional in 2006,” C.A.App.6285, and the “[u]se of OCR to read the MICR line went against conventional thinking at the time,

which was to use specialized magnetic readers to read the MICR line.” C.A.App.6297-6298.

USAA’s invention paid off. In 2009, USAA launched its Deposit@Mobile service, becoming the first U.S. bank to allow members to deposit checks using only an app downloaded on their mobile devices. C.A.App.5428, 6271. Within a month of launch, Deposit@Mobile became the #1 financial app in the Apple app store, C.A.App.15274, and USAA members used it to deposit more than 1.5 million checks in the first year. C.A.App.5428. This success surprised the banking industry. C.A.App.5434-5435.

C. The asserted patents.

In the two sets of consolidated cases below, USAA asserted several patents that embody its invention for remotely depositing checks using ordinary mobile devices. The patents relevant here are U.S. Patent Nos. 10,402,638 (“the ’638 patent”), 10,482,432 (“the ’432 patent”), 10,013,681 (“the ’681 patent”), and 10,013,605 (“the ’605 patent”). Pet.App.3a, 17a.³

Claim 1 of the ’605 patent is representative of the asserted claims. It recites a system comprising “a portable device” and “a downloaded software component configured to control the camera software and to manage capturing electronic images,” which includes instructions that “cause the portable device to perform” a series of operations, including “displaying an instruction on a display of the portable device to assist the user in having the digital camera capture the

³ The Federal Circuit did not address other USAA patents that were discussed in the briefing below, because the Patent Trial and Appeal Board found those patents obvious and the Federal Circuit affirmed in separate decisions. *See* Pet.App.2a, 17a.

electronic images of the check”—both the “front and back sides of the check”—and “assisting the user as to an orientation for capturing the electronic images of the check.” Pet.App.24a-25a. It further recites “confirming that the deposit can go forward after performing an optical character recognition on the check,” which includes an amount determined from the check by optical character recognition before “comparing the determined amount to an amount entered by the user into the portable device, and reading a MICR line of the check.” Pet.App.25a.

The other asserted patents are similar in relevant respects. For example, the asserted claim of the '638 patent recites a system using “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 ... us[e] a display of the customer’s handheld mobile device to assist the customer in taking the photo of the check.” Pet.App.3a-4a. It further recites “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.” Pet.App.4a.⁴

In sum, USAA’s claims recite a specific innovative process for remotely depositing checks using a mobile device, without the need for specialized scanning equipment. That claimed process includes concrete

⁴ The claim was construed to require the claimed system to actually produce check images that satisfy the technical criteria necessary for deposit. The claim terms “deposit a check” and “mobile check deposit” were construed to mean “[perform] a transaction involving provision of a check [using a mobile device] to a depository *in a form sufficient to allow money to be credited to an account.*” C.A.App.5102 (brackets in original; emphasis added).

steps for using a downloaded app to assist the user in capturing technically compliant images of the front and back of the check, and using OCR to accurately read the check data printed on the magnetic line. USAA's claims do not purport to preempt *all* methods of using mobile devices to remotely deposit checks. And USAA produced expert evidence at summary judgment showing that the claimed steps were inventive—and certainly not well-understood, routine, or conventional—as of the patents' priority date. *E.g.*, 23-1778 C.A.App.8973, 8991, 9000.

For example, USAA's expert explained that conventional check scanning systems carefully controlled the position, orientation, and lighting of the check to consistently capture depositable images; with mobile check deposit, by contrast, “different users may attempt to image the check in different positions and in different conditions.” 23-1778 C.A.App.8993-8994. He cited industry literature explaining how relying on the user's judgment as to positioning of the camera would result in failure by bank systems to read and ultimately deposit the checks. *Id.* He went on to explain how the specific claim elements overcome those challenges, *e.g.*, by assisting the user in properly orienting and positioning the camera relative to the check to ensure an acceptable quality, and by analyzing and transforming the check images to ensure depositability. *Id.* at 8994-8995.

PNC, by contrast, relied on inapposite citations that either related to software *generally* or to software for specific check-scanning devices. *Id.* at 9007. It never submitted anything to establish the conventionality of the claimed combination, featuring an application downloaded to a mobile device to aid in

capturing the image and control the submission of compliant images to the bank. In fact, the claimed combination was “the bleeding edge of mobile banking technology.” *Id.* at 8973.

D. Proceedings below.

1. In 2020 and 2021, USAA filed actions accusing PNC of infringing USAA’s mobile check deposit patents. Those suits were eventually consolidated into two lead actions: No. 20-cv-00319 involved claims of the ’432, ’681, and ’605 patents (Pet.App.62a), while No. 21-cv-00246 involved claim 20 of the ’638 patent.

After discovery, the parties filed cross-motions for summary judgment in each case as to ineligibility of the asserted claims under § 101. Both the magistrate judge and the district court concluded that the patents asserted in No. 20-cv-00319 were directed to patent-eligible subject matter at *Alice* Step 1. Pet.App.47a; Pet.App.56a-57a. The magistrate judge noted (Pet.App.36a) that the same court had found the same claims of the ’605 and ’681 patents to be eligible in a previous USAA lawsuit against Wells Fargo Bank, because those patents “were directed towards inventions that ‘improve specialized check processing machines by enabling the function of those machines to be performed without specialized equipment.’” Pet.App.39a. The magistrate judge recommended adopting the same reasoning here, Pet.App.44a-47a, 54a, which the district court did, Pet.App.56a-57a. The district court did not need to reach PNC’s arguments about Step 2 of the § 101 analysis, or the expert evidence that USAA submitted in opposition to summary judgment to show that its patents were directed to an “inventive concept” as of the 2006 priority date.

After a five-day trial in the cases consolidated under No. 20-cv-00319, the jury found that PNC infringed, willfully, and rejected PNC’s invalidity defenses. Pet.App.62a. The jury awarded USAA a total reasonable royalty of \$218,450,000. *Id.*

In the other lead case, No. 21-cv-00246, the district court granted USAA summary judgment on PNC’s § 101 defense. It concluded that the “asserted patents are not directed to an abstract concept and therefore ... are eligible under 35 U.S.C. § 101 at *Alice* step 1.” Pet.App.33a. As in the other case, the district court did not reach Step 2 or USAA’s expert evidence of an “inventive concept” as of the priority date.

After a separate five-day trial, the jury found that PNC infringed and rejected PNC’s invalidity defenses. Pet.App.58a. The jury awarded USAA a reasonable royalty of \$4,300,000. *Id.*

2. In the companion decisions below, the Federal Circuit reversed the grants of summary judgment as to § 101 and awarded summary judgment on that issue to PNC—not just on Step 1, but on Step 2 as well. The result wiped out the infringement verdicts entirely.

In the precedential decision (No. 23-1639), the court of appeals held that claim 20 of the ’638 patent “is directed to the abstract idea of depositing a check using a handheld mobile device.” Pet.App.7a. The court noted USAA’s argument that its invention “improve[s] 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 determined that this was insufficient. Pet.App.8a-9a.

The court focused entirely on whether the claimed invention improved “the way in which the handheld mobile device functions”; the court concluded that it did not, and that the asserted claim therefore was directed to an abstract idea. Pet.App.10a.

The Federal Circuit then proceeded to *Alice* Step 2—which requires a *factual* determination about whether the claimed steps are just “routine” and “conventional.” The district court did not reach that step, but USAA had presented expert evidence that the claimed steps were not well-known or routine and PNC had presented none. Nonetheless, the court of appeals did not remand: it decided for itself that the claimed steps were “routine.” Despite USAA’s evidence, the court held that there was no genuine dispute at summary judgment that “[t]he claim recites nothing more than routine image capture, OCR, and data processing steps—all of which were well-known and routine.” Pet.App.11a. The court stated that “[t]he 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.’” Pet.App.12a (brackets omitted) (quoting *Recentive Analytics, Inc. v. Fox Corp.*, 134 F.4th 1205, 1215 (Fed. Cir. 2025), *cert. denied*, No. 25-505 (Dec. 8, 2025)). The court thus “conclude[d] that the claim lacks an inventive concept that would transform the claim into a patent-eligible application of an abstract idea.” Pet.App.13a.

Accordingly, the Federal Circuit “reverse[d] the district court’s grant of summary judgment on patent eligibility and determine[d] the claim is not directed to patent-eligible subject matter.” Pet.App.14a.

The companion decision (No. 23-1778) followed the same framework. Citing the precedential decision issued the same day, the court of appeals concluded that the asserted claims of the '605, '681, and '432 patents "are directed to the abstract idea of depositing a check using a mobile device." Pet.App.20a. Then, as in the other case, the Federal Circuit proceeded to Step 2 and did "not find an inventive concept in the claims" as a matter of law, Pet.App.21a-22a, without even addressing the expert evidence introduced by USAA. Accordingly, the court held that the asserted claims of the '605, '681, and '432 patents are not patent-eligible. Pet.App.22a.

The Federal Circuit denied panel rehearing and rehearing *en banc*. Pet.App.67a-70a.

REASONS FOR GRANTING THE WRIT

The judge-made "abstract idea" exception to patent eligibility generates the lion's share of litigation under § 101. Yet this exception has vexed the Federal Circuit, the PTO, and industry alike. The root of the problem is that the lower courts lack any "generally-accepted and understood *definition* of, or test for, what an 'abstract idea' encompasses," *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016), so they have no principled way of deciding what is, and is not, an abstract idea. Without a working understanding of what "abstract idea" means, the Federal Circuit routinely labels concrete technological processes "abstract" and, therefore, ineligible for patent protection. That is what the Federal Circuit did in the decisions below: It held that USAA's claims for a groundbreaking system for remotely depositing checks "are directed to the abstract idea of depositing a check using a handheld mobile device." Pet.App.7a,

20a. The Court should grant review to clarify that the abstract-idea exception does not stretch so far.

The Court should also grant review to reject the Federal Circuit's categorical rule that computer-implemented inventions are patent-eligible only if they improve the *computer's* functionality, rather than the user's experience. That bright-line rule conflicts with this Court's precedents and improperly allows that Federal Circuit to ignore factual evidence of an inventive concept, as the decisions below demonstrate.

This petition offers a clean opportunity to clarify what constitutes an "abstract idea." In the decisions below, the Federal Circuit expressly held that the technological process of depositing a check using a handheld mobile device is itself an abstract idea. Therefore, the Court need not grapple with deciding what USAA's claims are "directed to." The Court can review the supposed "abstract idea" as framed by the Federal Circuit and decide whether that court has misunderstood what an abstract idea means.

There is broad consensus among the judges on the Federal Circuit, the government, and industry that the Court should clarify the scope of the abstract-idea exception and that the Federal Circuit's abstract-idea jurisprudence is arbitrary and undermines the goals of the patent system. This petition is the ideal vehicle to do so and the Court should grant review now. At a minimum, the Court should call for the views of the Solicitor General.

I. The Federal Circuit systematically misapplies *Alice* because it cannot determine what constitutes an “abstract idea.”

A. The abstract-idea category has not been defined.

1. “The ‘abstract ideas’ category embodies ‘the longstanding rule that an idea of itself is not patentable.’” *Alice*, 573 U.S. at 218 (quoting *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (brackets omitted)). This Court has observed that “abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.” *Benson*, 409 U.S. at 67.

The archetypical abstract idea is a mathematical formula or algorithm. In *Benson*, for example, the Court held a claim was ineligible when it claimed in effect “a patent on the algorithm itself.” *Id.* at 71-72; *accord Parker v. Flook*, 437 U.S. 584, 589 (1978) (“an algorithm, or mathematical formula, is like a law of nature”).

The Court most recently addressed the abstract-idea exception in *Bilski* and *Alice*. In *Bilski*, the Court held that a patent was ineligible when it was directed to “the basic concept of hedging, or protecting against risk,” which “is an unpatentable abstract idea, just like the algorithms at issue in *Benson* and *Flook*.” 561 U.S. at 611. And in *Alice*, this Court held that the concept of “intermediated settlement, like hedging, is an ‘abstract idea’ beyond the scope of § 101.” 573 U.S. at 220. Thus, the Court agreed (relying on *Bilski*) that beyond mathematical formulae and algorithms, “a method of organizing human activity” that is a “fundamental economic practice” may lie “squarely within

the realm of ‘abstract ideas,’ despite not being a mathematical formula or algorithm. *Id.* at 220-221.

2. For all that it did say, *Alice* declined “to delimit the precise contours of the ‘abstract ideas’ category.” 573 U.S. at 221. And *Bilski* rejected more “categorical[]” limits on what subject matter can be eligible for a “process” or “method” patent. 561 U.S. at 608-609, 612. As four Justices noted in *Bilski*, this Court has “never provide[d] a satisfying account of what constitutes an unpatentable abstract idea.” *Id.* at 621 (Stevens, J., concurring in the judgment).

It is no surprise, then, that the Federal Circuit has found itself adrift in applying the abstract-idea exception. That court has lamented the lack of any “generally-accepted and understood *definition* of, or test for, what an ‘abstract idea’ encompasses.” *Amdocs*, 841 F.3d at 1294. Indeed, “the phrase ‘abstract ideas’ is a definitional morass,” since “there is no single, succinct, usable definition anywhere available.” *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1350 (Fed. Cir. 2018) (Plager, J., concurring-in-part and dissenting-in-part). “Laws of nature” and ‘natural phenomena’ have understandable referents,” Judge Plager explained, “and thus have proven more amenable to workable definitions, or at least a reasonable degree of boundary-setting.” *Id.* at 1349. Not so with the abstract-idea exception.

The PTO’s Manual of Patent Examining Procedure sums up the problem more laconically: “the courts have declined to define abstract ideas.” § 2106.04(a) (9th ed. rev. 2024). That foundational problem still persists.

B. The Federal Circuit has expanded the abstract-idea exception well beyond the categories described in this Court’s cases.

As discussed above (pp. 18-19, *supra*), this Court’s precedents describe the abstract-idea exception as encompassing “fundamental truths” (e.g., mathematical formulae and algorithms) and “methods of organizing human activity” (e.g., fundamental economic practices). This Court has never held that a technological process is itself an abstract idea.

Yet in a series of post-*Alice* decisions, the Federal Circuit has done just that, “using the very lack of definition to liberally expand the exception.”⁵ As the Solicitor General has repeatedly told this Court (across multiple Administrations), “the Federal Circuit ... treat[s] even quintessentially *technological* inventions as patent-ineligible under the abstract-idea exception.” U.S. Br. at 10, *Audio Evolution Diagnostics, Inc. v. United States*, 145 S. Ct. 2777 (2025) (No. 24-806); see U.S. Amicus Br. at 20-21, *Interactive Wearables*, *supra* (same).

Consider a few examples of “ideas” the Federal Circuit has deemed “abstract” at *Alice* Step 1:

- “the abstract idea of generating event schedules and network maps through the application of machine learning,” *Reactive Analytics*, 134 F.4th at 1215;
- “the abstract idea of taking two pictures (which may be at different exposures) and using one

⁵ Raguraman Kumaresan, Comment, *Yu v. Apple – The Abstract Idea Conundrum: It’s Time to Either Adopt the Dictionary Definitions or Abandon the Unworkable Abstract Idea Doctrine*, 56 UIC L. Rev. 301, 336 (2023).

picture to enhance the other in some way,” *Yu v. Apple Inc.*, 1 F.4th 1040, 1043 (2021);

- “an abstract idea: the presentation of two sets of information, in a non-overlapping way, on a display screen,” *Interval Licensing*, 896 F.3d at 1338;
- “the abstract idea of wirelessly communicating status information about a system,” *Chamberlain Grp., Inc. v. Techtronic Indus. Co.*, 935 F.3d 1341, 1348 (2019);
- “[W]e hold that the concept of delivering user-selected media content to portable devices is an abstract idea, as that term is used in the section 101 context.” *Affinity Labs of Tex., LLC v. Amazon.com Inc.*, 838 F.3d 1266, 1269 (2016);
- “the abstract idea of ‘improving image quality by adjusting various aspects of an image based on features of the main object in the image,’” *Longitude Licensing Ltd. v. Google LLC*, 2025 WL 1249136, at *2 (Apr. 30, 2025) (citation omitted);
- “the abstract idea of enabling the creation of mobile applications without coding by combining pre-coded software components,” *Aftechmobile Inc. v. Salesforce.com, Inc.*, 853 F. App’x 669, 669 (2021) (per curiam) (citation omitted).

As these examples illustrate, the Federal Circuit’s notion of an “abstract idea” sweeps far beyond the “building blocks of human ingenuity,” such as mathematical formulae, algorithms, or fundamental economic practices. *Alice*, 573 U.S. at 216. Instead, the Federal Circuit routinely labels even consummately technological processes “abstract ideas.”

In *Chamberlain*, for instance, the patent was for a wireless garage-door opener. Yet the Federal Circuit held that the claims were “drawn to the abstract idea of wirelessly communicating status information about a system.” 935 F.3d at 1348. The court’s explanation for deeming that technological process “abstract” was that “[w]irelessly communicating status information about a system is similar to abstract ideas we have found in our previous cases.” *Id.* at 1346-1347. The Federal Circuit made no attempt to justify treating wirelessly communicating status information about a system as a “building block[] of human ingenuity.” *Alice*, 573 U.S. at 216.

These decisions show that the Federal Circuit has lost sight of what an “abstract idea” means and has wrongly expanded that category to include concrete technological processes. Correctly understood, the “abstract idea test” is “a narrow judicial exception to the broad statutory categories of patent eligible subject matter,” which encompasses *only* “the kind of basic building block of scientific or technological activity that would foreclose or inhibit future innovation.” *Smart Sys.*, 873 F.3d at 1383 (Linn, J., concurring in part and dissenting in part). “Claims directed not merely to basic building blocks of scientific or technological activity but instead to innovative solutions to real problems that result from human activity and are not capable of performance solely in the human mind should be fully eligible for patent protection and not lightly discarded.” *Id.* at 1379. In short, “abstract ideas” are the basic building blocks—nothing more.

Judge Linn’s approach is shared by the United States. As the Solicitor General told this Court, “[g]enerally speaking, technologies and industrial

processes are not abstract ideas,” and “[t]he category of patent-ineligible abstract ideas ... does not encompass quintessentially technological inventions.” U.S. Amicus Br. at 10-15, *Interactive Wearables, supra*.

C. The decisions below squarely present the Federal Circuit’s problematic contraction of patent eligibility.

The companion decisions below exemplify the Federal Circuit’s overbroad notion of the abstract-idea category. In both decisions, the court described USAA’s asserted claims as “directed to the abstract idea of depositing a check using a handheld mobile device.” Pet.App.7a, 20a.

Depositing a check using a handheld mobile device is not a mathematical formula. Nor is it “a method of organizing human activity” akin to “the concept[s] of intermediated settlement” or “risk hedging.” *Alice*, 573 U.S. at 219-220. A particular technology for remotely depositing a check is not an “idea” at all. It is a quintessential technological process. The claims at issue require the system to perform specific steps—including instructing and aiding the user in positioning/orienting the camera correctly with respect to the check, electronically modifying the captured check images to comply with deposit requirements, and validating key components of the check using optical character recognition before submission. Claims directed to such technological processes should be patent-eligible subject matter. USAA’s claims were deemed ineligible because the Federal Circuit has expanded what it means to claim an “abstract idea.”

The scope of the abstract-idea category could not be more cleanly teed up. The Federal Circuit explicitly identified the supposed “abstract idea” to which USAA’s claims are directed: the technological process of “depositing a check using a handheld mobile device.” Pet.App.7a, 20a. Thus, this case is unlike *Alice* and *Bilski*, where the Court found superficially technical claims were directed to fundamental economic concepts. And these cases do not involve any of the more troublesome line-drawing questions inherent in deciding what particular claims are “directed to.” *See, e.g., Smart Sys.*, 873 F.3d at 1378 (Linn, J., concurring in part and dissenting in part) (“Where do you draw the line between properly determining what the claim is directed to and improperly engaging in an overly reductionist exercise to find the abstract idea that underlies virtually every claim?”). If the Court holds that the abstract-idea category cannot be stretched to encompass “depositing a check using a handheld mobile device,” then USAA’s claims are patent-eligible.

II. This Court’s review is also needed to clarify that “improving a user’s experience while using a computer” is not categorically patent-ineligible.

The decisions below independently warrant this Court’s review for another reason: The Federal Circuit applied its mistaken categorical rule that “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.” Pet.App.10a (quoting *Simio, LLC v. FlexSim Software Prods., Inc.*, 983 F.3d 1353, 1361

(Fed. Cir. 2020)). That categorical rule allowed the court to decree as a matter of law that this case involves “no technological improvement”—and thereby blow past the factual record about the inventiveness of the patented combination as of 2006. And that rule conflicts with this Court’s admonition against categorical rules denying patent eligibility.

1. To reiterate the basic statutory command: Congress has authorized patent eligibility for “any new and useful process, ... or any new and useful improvement thereof.” While “abstract concept[s]” are excluded, “[a]pplications’ of such concepts ‘to a new and useful end’ ... remain eligible for patent protection.” *Alice*, 573 U.S. at 217 (quoting *Benson*, 409 U.S. at 67) (alteration omitted). The Federal Circuit has “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.’” Pet.App.7a-8a (quoting *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335-1336 (Fed. Cir. 2016) (omission deleted)).

In applying that framework, the Federal Circuit has introduced a spurious distinction between “an improvement to the functionality of the computer or network platform *itself*” as opposed to merely “improving a *user’s experience* while using a computer”—treating the latter kind of invention as abstract. *Customedia Techs., LLC v. Dish Network Corp.*, 951 F.3d 1359, 1365 (2020) (emphases added); *see also Simio*, 983 F.3d at 1361 (patent owner did “not explain how the computer’s functionality is improved beyond the inherent improvement of the experience of a user”).

2. The court of appeals applied that same categorical rule to USAA's claims. The district court concluded that USAA's claims were directed to patent-eligible subject matter because they "enable[] a general purpose computer to perform functions previously performed only by specialized check processing machines." Pet.App.44a. The Federal Circuit stated that USAA's invention is "directed to improving the user's experience of depositing a check by allowing the use of familiar and easily acquired electronics." Pet.App.10a. It is undisputed that users cannot simply take pictures of checks with their phones and deposit them at the bank; implementation of the specific steps recited in the claims here at least adds a new capability to the mobile device, enabling it to capture depositable images of checks. Yet the Federal Circuit reasoned that "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." *Id.* (emphasis added). This reasoning brought USAA's invention within the Federal Circuit's misguided rule that "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." *Id.* (quoting *Simio*, 983 F.3d at 1361).⁶

3. This Court should grant review to clarify that, under § 101, it does not matter whether the invention improves the computer itself or improves some other aspect that may be identified as the user's experience

⁶ The non-precedential decision in No. 23-1778 treated those claims as "similar to the claims in the companion case." Pet.App.20a.

while using the computer. Either way, an invention that applies an idea “to a new and useful end” can be patent-eligible. *Alice*, 573 U.S. at 217 (quoting *Benson*, 409 U.S. at 67).

The Federal Circuit’s functionality/experience distinction finds no support in § 101 or this Court’s precedents. In holding that the claims there involved no inventive concept, the *Alice* Court noted that the claims did “not, *for example*, purport to improve the functioning of the computer itself.” *Id.* at 225 (emphasis added). But the Court did not purport to make improving the computer’s functionality a prerequisite to patent eligibility. Indeed, as *Alice*’s discussion of *Diamond v. Diehr*, 450 U.S. 175 (1981) proves, Step 2 may be satisfied by claims that “improve[] an existing technological process” or “technical field.” 573 U.S. at 223, 225. By any reasonable yardstick, making the user’s experience of technology better *is* an improvement to a technological process. The Federal Circuit’s contrary rule defies *Alice* and *Diehr*.

Moreover, the Federal Circuit’s rule conflicts with this Court’s warning that “[a] categorical rule denying patent protection for ‘inventions in areas not contemplated by Congress ... would frustrate the purposes of the patent law.’” *Bilski*, 561 U.S. at 605 (plurality opinion) (quoting *Chakrabarty*, 447 U.S. at 315). Thus, in *Diehr*, the Court rejected any categorical rule that a patent claim “become[s] nonstatutory simply because it uses a mathematical formula, computer program, or digital computer.” 450 U.S. at 187. And in *Bilski*, this Court refused to “adopt[] categorical rules that might have wide-ranging and unforeseen impact.” 561 U.S. at 609 (majority opinion). Yet that is exactly what the court of appeals has done here.

Here, that resulted in USAA losing the benefit of its patents on unconventional technologies developed for its members to remotely deposit checks on mobile devices in a safe and reliable manner.

And the Federal Circuit regularly invokes this ill-conceived rule. *See, e.g., Mobile Acuity Ltd. v. Blippar Ltd.*, 110 F.4th 1280, 1294 (2024) (“the claims, at best, ‘improve a user’s experience while using a computer application’” (brackets and citation omitted)); *Simio*, 983 F.3d at 1361; *Customedia Techs.*, 951 F.3d at 1365; *Rideshare Displays, Inc. v. Lyft, Inc.*, 2025 WL 2751580, at *6 (Sept. 29, 2025) (holding claims ineligible where “nothing in the claims themselves is directed to an improvement to the mobile device environment itself”). So do district courts applying Federal Circuit precedent. *See, e.g., Art Rsch. & Tech. LLC v. Google, LLC*, 2025 WL 2772608, at *7 (N.D. Cal. Sept. 29, 2025); *Maxell, Ltd. v. TCL Elecs. Holdings Ltd.*, 2025 WL 957517, at *1 (E.D. Tex. Mar. 31, 2025).

This Court’s intervention is necessary to eliminate the Federal Circuit’s erroneous categorical bar on patent eligibility.

III. The scope of the abstract-idea category is exceptionally important and frequently litigated.

1. Section 101 cases far more often turn on the “abstract idea” exception than on the “law of nature” or “physical phenomenon” exceptions. As one study found, “*Alice* has overwhelmingly been a doctrine about IT, not life sciences: 90 percent of post-*Alice* decisions are in the software/IT industry; only 9 percent are biotech/life science decisions.” Mark A. Lemley &

Samantha Zyontz, *Does Alice Target Patent Trolls?*, 18 J. Empirical Legal Studies 47, 67 (2021). Another study found that “[t]he vast majority of [Federal Circuit] decisions” applying § 101 “involve the abstract ideas exception, and overwhelmingly find ineligibility.” Matthew G. Sipe, *Patent Law 101: I Know It When I See It*, 37 Harv. J.L. & Tech. 447, 468 (2024).

Each of those cases must start with a proper (or at least passable) understanding of what an “abstract idea” actually is. But the Federal Circuit’s jurisprudence has left orbit, as discussed above and as the decisions below underscore. The upshot is that courts frequently hold that claims to *non*-abstract inventions are directed to “abstract ideas” at *Alice* Step 1.

2. The problem is compounded by the Federal Circuit’s repeated backsliding on the role of fact evidence in determining what is inventive. Cases like this one are emblematic: adopting *per se* rules like the functionality/experience distinction allows the Federal Circuit to decide eligibility questions for itself, without allowing juries or subject-matter experts to weigh in about what was a “new and useful end” at the time the patent application was filed. Indeed, here no factfinder had even *considered* USAA’s factual evidence before the Federal Circuit deemed it categorically irrelevant to whether USAA’s claims recited technology that was unconventional to a person having ordinary skill in the art. The Federal Circuit may deem its legal rule to be a more efficient way of disposing of a large number of invalidity questions. But patent owners have the right to put these essential questions to a factfinder. “[E]conomy supplies no license for ignoring these—often vitally inefficient—protections.” *Oil States Energy Servs., LLC v. Greene’s Energy Grp.*,

LLC, 584 U.S. 325, 347 (2018) (Gorsuch, J., dissenting).

3. The Federal Circuit’s inability to sensibly apply the abstract-idea test has serious consequences. Because “the contours of the abstract idea exception are not easily defined,” Judge Linn has observed, “the abstract idea exception is almost impossible to apply consistently and coherently.” *Smart Sys.*, 873 F.3d at 1377 (Linn, J., concurring in part and dissenting in part). Similarly, now-Chief Judge Moore has noted that “we have struggled to consistently apply the judicially created exceptions ..., slowly creating a panel-dependent body of law and destroying the ability of American businesses to invest with predictability.” *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 977 F.3d 1379, 1382 (Fed. Cir. 2020) (Moore, J., concurring).

The PTO, too, has expressed similar concerns. The PTO Director recently told Congress that *Alice* and *Mayo* “have been widely misinterpreted.” PTO, *Statement by Director Squires before the United States Senate Subcommittee on Intellectual Property Committee on the Judiciary* (Oct. 10, 2025), <https://www.uspto.gov/about-us/news-updates/statement-director-squires-united-states-senate-subcommittee-intellectual>. The agency—which must apply § 101 in the examination process—bemoaned that “applying the *Alice/Mayo* test in a consistent manner has proven to be difficult” and inhibits the ability of “inventors, businesses, and other patent stakeholders to reliably and predictably determine what subject matter is patent-eligible.” 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50, 50 (Jan. 7, 2019). Indeed, “the Federal Circuit regularly

finds seemingly indistinguishable patent claims both patentable and unpatentable in different cases,” and—with respect to the abstract-idea exception—“unfortunately the Federal Circuit precedent seems to be getting less, not more, certain over time.” *Patentable Subject Matter Reform: Hearings Before the Senate Judiciary Committee* 2 (June 4, 2019) (statement of Mark A. Lemley), <https://www.judiciary.senate.gov/imo/media/doc/Lemley%20Testimony.pdf>.

The diminished ability of industry to rely on patent protection has far-reaching effects. In 2022, the PTO told Congress that “[m]any commenters specifically expressed their frustrations with the subjectivity and lack of definition of what constitutes an abstract idea,” and that “researchers and innovators frustrated with the state of patent eligibility are turning to trade secrets to protect their innovations in lieu of seeking patent protection.” PTO, Report to Congress, *Patent eligible subject matter: Public views on the current jurisprudence in the United States* 28, 36 (2022), <https://bit.ly/4pc9max>.

That swing to trade secret law deprives the public of “what this Court has called the patent ‘bargain’: ‘In exchange for bringing ‘new designs and technologies into the public domain through disclosure,’ so they may benefit all, an inventor receives a limited term of ‘protection from competitive exploitation.’’’ *Amgen Inc. v. Sanofi*, 598 U.S. 594, 604 (2023) (citation omitted). If many software and other technological inventions morph into trade *secrets*, innovation and collective knowledge-building will be stifled. As IBM told the PTO, “new breakthrough ideas will be withheld from public view and other entities will be unable to learn from or improve upon them,

undermining the fundamental bargain upon which the patent system is based.”⁷

Or, perhaps worse, the breakthrough ideas may never arise in the first place. Many important innovations—often emerging from startups backed by venture capital—may struggle to attract investment from firms counting on a reliable patent-protection regime. One study found that “in the software and Internet industry, 72% of investors rank patent eligibility as important to their firms’ investment decisionmaking” and “the more an investor knows about [patent]-eligibility law, the less likely that investor will report shifting investments into the … software and Internet industries.” David O. Taylor, *Patent Eligibility and Investment*, 41 Cardozo L. Rev. 2019, 2059, 2076 (2020). If potentially innovative start-ups cannot obtain sufficient funding, the discoveries they would have made will never come to fruition.

4. The Federal Circuit’s “confusion has driven commentators, amici, and every judge on [that] court to request Supreme Court clarification.” *Am. Axle*, 977 F.3d at 1382 (Moore, J., concurring). The Court cannot wait for the *en banc* Federal Circuit to fix the issue, because the Federal Circuit has been unable to take a § 101 case *en banc* since *Alice*. See, e.g., *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 966 F.3d 1347, 1367 (Fed. Cir. 2020) (O’Malley, J., dissenting from denial of rehearing *en banc*) (“serious substantive concerns” left the court “evenly divided, 6-6, in our vote on whether to take this case *en banc*”). While several Federal Circuit judges recognize the flaws

⁷ IBM Corp. Comments for “Patent Eligibility Jurisprudence Study” at 2, Docket No. PTO-P-2021-0032 (Oct. 8, 2021), <https://www.regulations.gov/comment/PTO-P-2021-0032-0078>.

with the abstract-idea jurisprudence, *e.g.*, *Smart Sys.*, 873 F.3d at 1377 (Linn, J., concurring in part and dissenting in part); *Am. Axle*, 977 F.3d at 1382 (Moore, J., concurring), others have evidently concluded that “Section 101 issues certainly require attention beyond the power of [that] court.” *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1374 (Fed. Cir. 2018) (Lourie, J., concurring in the denial of rehearing). That attention should come from this Court.

In sum, as now-Chief Judge Moore put it, “[w]hat we have here is worse than a circuit split—it is a court bitterly divided.” *Am. Axle*, 977 F.3d at 1382 (Moore, J., concurring). And it is divided from the PTO as well—meaning that despite the PTO’s conscientious efforts to police subject-matter eligibility during prosecution, the PTO will continue to issue patents that the Federal Circuit will invalidate.

Nor should the Court wait for Congress to act. The abstract-idea “exception” is a *judicial* gloss on the statutory text driven by policy concerns. *See Alice*, 573 U.S. at 216-217. Because this exception “is judge made,” “[a]ny change should come from this Court, not Congress.” *Pearson v. Callahan*, 555 U.S. 223, 233-234 (2009). “Courts have acted as the front line of review in this limited sphere; and hence it is important that their principles be accurate and logical, whether or not Congress can or will act in response.” *South Dakota v. Wayfair, Inc.*, 585 U.S. 162, 183-184 (2018).

Moreover, these issues have been percolating for over a decade in Congress, and yet “the floors of Congress are littered with failed attempts to bring about largescale, systemic change” to § 101. Pauline Peltier & Eric Steffe, *The Politics of Patent Law—Why Patent Reform Failed in 2015 and Prospects for 2016*,

8 Landslide 4, 4 (July/August 2016). This deadlock is largely due to a divide among stakeholders: While many “critics express[] concern that [§ 101] jurisprudence has unreasonably and improperly expanded the scope and application of the judicially created exceptions to eligibility, resulting in significant inconsistencies, uncertainty, and unpredictability in the issuance and enforcement of patents,” “[s]upporters of the current jurisprudence … assert[] that the new eligibility standard provides a useful tool for addressing overly broad patents and defending against abusive lawsuits by patent assertion entities.” PTO, Report to Congress at 41, *supra*. Legislative efforts have “stalled because stakeholders refused to compromise,” which means “Congress [c]an’t [h]elp.” Gene Quinn, *Senator Thom Tillis: If IP Stakeholders Can’t Find Consensus, Congress Can’t Help*, IPWatchdog (May 5, 2020), <https://bit.ly/4p4O9za>.

“Congress has held hearings in which dozens of witnesses have called the current system untenable. It is time for this Court to step in and advance the analysis.” Br. of U.S. Sen. Thom Tillis et al. at 24, *Am. Axle*, 141 S. Ct. 2594 (2021) (No. 20-891). The Court should grant review now.

IV. These cases are excellent vehicles to clarify the abstract-idea exception.

These cases offer the Court a prime opportunity to clarify the abstract-idea exception. The decisions below put a finger on the Federal Circuit’s improper expansion of the abstract-idea category and its insistence that inventions like this one lack the necessary “technological improvement” to computer functionality. And this petition differs in critical respects from

prior cases where the Court declined to grant certiorari on § 101 issues.

First, these cases involve the abstract-idea exception, which comprises 90% of post-*Alice* litigation on patent eligibility. *See* p. 28, *supra*. In contrast, several other cases where this Court has denied certiorari involved the less frequently litigated natural-law or natural-phenomenon exceptions. *See, e.g., CareDx Inc. v. Natera, Inc.*, 144 S. Ct. 248 (2023) (No. 22-1066) (natural phenomenon); *Am. Axle*, 141 S. Ct. 2594 (No. 20-891) (law of nature); *Athena Diagnostics, Inc. v. Mayo Collaborative Servs., LLC*, 140 S. Ct. 855 (2020) (No. 19-430) (law of nature).

Second, in the cases where the government recommended granting certiorari, the principal question presented was: “What is the appropriate standard for determining whether a patent claim is ‘directed to’ a patent-ineligible concept under step one of the Court’s two-step framework for determining whether an invention is eligible for patenting under 35 U.S.C. § 101?” Pet. at i, *Interactive Wearables*, No. 21-1281; Pet. at i, *Am. Axle*, No. 20-891. But a holding on *that* question would have limited reach. Given the countless varieties of inventions and claims, it is difficult to do more than set forth general guidelines for determining what a particular claim is “directed to.”

Here, by contrast, the cases present the fundamental § 101 question. The Federal Circuit explicitly described the idea it believes USAA’s claims are “directed to”: “the abstract idea of depositing a check using a handheld mobile device.” Pet.App.7a, 20a. Thus, the question presented here is a tidy legal question—has the Federal Circuit lost track of what is, and is not, an “abstract idea”?

Similarly, the Court recently denied certiorari in *Impact Engine, Inc. v. Google LLC*, 145 S. Ct. 1314 (2025) (No. 24-836). But the Federal Circuit in that case concluded that petitioner’s claims were directed to “the abstract idea of processing information.” *Id.*, Pet.App.16a. Petitioner’s true complaint, therefore, was that the court had read its claims too generally, reducing them to “a caricature,” *id.*, Pet. at 3. Here, however, the Court need not quarrel with the Federal Circuit’s parsing of USAA’s claims to appreciate that “depositing a check using a handheld mobile device” is simply not an abstract idea. Accordingly, these cases squarely present the scope of the abstract-idea category.

Since 2019, the Court has called for the views of the Solicitor General five times in § 101 cases, and each time the government’s invitation brief has recommended granting certiorari in an appropriate case. These are the most appropriate cases to reach the Court; this petition should be granted. At a minimum, this Court should not deny certiorari without seeking the Solicitor General’s view. Although the new Administration has not yet been invited to express its views on § 101, it has already voiced substantial concern about the ongoing misinterpretation of this Court’s decisions. Squires, *supra*. Giving the government the opportunity to give substance to that concern, in a brief addressing a specific case, is likely to aid the Court.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

JASON SHEASBY
IRELL & MANELLA LLP
1800 Avenue of the Stars
Los Angeles, CA 90067

LISA GLASSER
ANTHONY ROWLES
STEPHEN PAYNE
IRELL & MANELLA LLP
840 Newport Center Dr.
Newport Beach, CA 92660

WILLIAM M. JAY
Counsel of Record
GOODWIN PROCTER LLP
1900 N Street, NW
Washington, DC 20036
wjay@goodwinlaw.com
(202) 346-4000

JESSE LEMPEL
GOODWIN PROCTER LLP
100 Northern Avenue
Boston, MA 02210

January 14, 2026

Counsel for Petitioner