

USAA Petitions SCOTUS: Is Mobile Check Deposit Just an “Abstract Idea”?

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by Dennis Crouch

I only recently started using mobile check deposits. I don't get very many checks these days, but when I do it is a real pain to drag myself to the bank to deposit — particularly because I don't carry my ATM card with me. Great convenience — and also a great patent story.

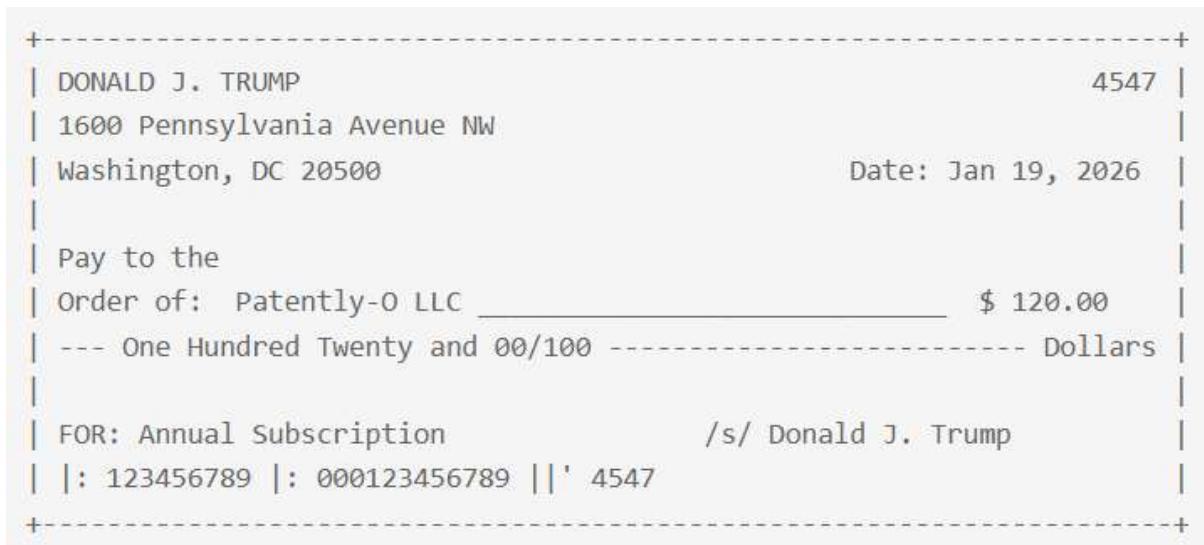


USAA is a financial services association cooperatively owned by U.S. military members, veterans, and their families. Because USAA serves military families whether stationed at home or deployed overseas

to places like Iraq and Afghanistan, it does not operate a traditional branch network. This created a persistent problem: how could USAA members deposit checks when stationed far from any bank? Starting around 2005, a team at USAA began researching technology that would allow members to deposit checks from anywhere in the world using devices they already owned. The challenge was formidable: as of the 2006 priority date, the banking industry conventional wisdom was that specialized check-scanning equipment was the only way to reliably capture check images meeting the technical requirements for remote deposit under the [Check 21 Act](#). USAA's engineers developed a system using a downloaded mobile app to assist customers in capturing compliant check images without specialized equipment, launching Deposit@Mobile in 2009 as the first mobile check deposit service offered by any U.S. bank. Within a month, it became the number one financial app in the Apple app store, with members depositing over 1.5 million checks in the first year.

- [United Services Automobile Ass'n v. PNC Bank N.A., No. 25-853](#) (petition for cert. filed Jan. 14, 2026).

The original application was filed back in 2006 and the family stemming from that initial filing has grown to 14 issued U.S. patents with two still pending almost 20 years later. In looking at the technology here, USAA had to overcome major technological hurdles to get its product working two decades ago. But, many of particular solutions are now obsolete.



The asserted claim in this case comes from U.S. Patent No. 10,402,638 and recites a system including “a customer’s handheld mobile device including a downloaded app” that instructs and assists the customer in taking photos of the check, checks for errors before submission, and “confirm[s] that the mobile check deposit can go forward after optical character recognition is performed on the check.” The claimed system uses OCR alone to read the MICR line, replacing the magnetic sensors used by specialized scanners.

The district court (Judge Gilstrap) sided with the patentee on eligibility – finding that the claims were not directed to an abstract idea at *Alice* step one because they “improve specialized check processing machines by enabling the function of those machines to be performed without specialized equipment.” The Federal Circuit reversed in a precedential opinion authored by Judge Hughes. *United Servs. Auto. Ass'n v. PNC Bank N.A.*, 139 F.4th 1332 (Fed. Cir. 2025). At step one, the court held that “*the asserted claim is directed to the abstract idea of depositing a check using a handheld*

mobile device.” The court rejected USAA’s argument that the claims improved check depositing technology by allowing remote deposit without specialized equipment, reasoning that “these are routine processes implemented by a general-purpose device (e.g., a handheld mobile device) in a conventional way.”

The court emphasized 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.” Because “the claimed steps do not improve the way in which the handheld mobile device functions,” but merely make “the remote check deposit process easier and more convenient for bank customers,” the court concluded the claims were directed to an abstract idea.

The Federal Circuit then reached *Alice* step two even though the district court had not, reasoning that “patent eligibility under § 101 is a question of law that we review *de novo*.” At step two, the court held there was no inventive concept because “[t]he claim recites nothing more than routine image capture, OCR, and data processing steps — all of which were well-known and routine.” The court rejected USAA’s argument that summary judgment was inappropriate given genuine disputes of material fact regarding step 2, finding “ample evidence in the record and in our caselaw that OCR was known” and that the patent itself touted its “ability to operate in conjunction with electronics that today’s customers actually own or can easily acquire.”

USAA has now petitioned the Supreme Court for review. *United Services Automobile Ass’n v. PNC Bank N.A.*, No. 25-853 (petition for cert. filed Jan. 14, 2026). The cert petition frames the case as an ideal vehicle for the Court to address what USAA characterizes as the Federal Circuit’s systematic expansion of the “abstract idea” exception well beyond mathematical formulae and fundamental economic practices to encompass “concrete technological processes.”

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.*

The Alice Two-Step Framework

Under *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014), courts apply a two-step test to determine patent eligibility under 35 U.S.C. § 101:

Step One: Determine whether the claims are “directed to” a patent-ineligible concept (law of nature, natural phenomenon, or abstract idea).

Step Two: If directed to ineligible subject matter, determine whether the claims contain an "inventive concept"—an element or combination of elements sufficient to transform the claim into a patent-eligible application.

At step two, courts consider claim elements both "individually and 'as an ordered combination'" to assess whether they amount to "significantly more" than the abstract idea itself.

USAA's primary argument is that the Federal Circuit has lost the ability to coherently apply the abstract idea exception and only the Supreme Court can provide needed clarity. The petition marshals evidence of what it characterizes as institutional dysfunction:

Federal Circuit Division: The petition quotes multiple Federal Circuit judges criticizing the court's own Section 101 jurisprudence. Judge Linn described "the abstract idea exception [a]s almost impossible to apply consistently and coherently" because "the contours of the abstract idea exception are not easily defined." *Smart Sys. Innovations, LLC v. Chi. Transit Auth.*, 873 F.3d 1364, 1377 (Fed. Cir. 2017) (Linn, J., concurring in part and dissenting in part). Chief Judge Moore observed 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). Judge Plager noted that "the phrase 'abstract ideas' is a definitional morass" with "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).

The petition also notes that the Federal Circuit has been unable to take a Section 101 case en banc since *Alice*, with the court splitting 6-6 on rehearing in *American Axle*. This en banc deadlock suggests the Federal Circuit cannot resolve its internal divisions without Supreme Court guidance.

USPTO and PTO Director Concerns: The petition cites repeated USPTO statements expressing frustration with current Section 101 doctrine. Director Squires recently told Congress that *Alice* and *Mayo* "have been widely misinterpreted" and that "applying the Alice/Mayo test in a consistent manner has proven to be difficult." The PTO's 2019 guidance acknowledged that the Federal Circuit's approach inhibits the ability of "inventors, businesses, and other patent stakeholders to reliably and predictably determine what subject matter is patent-eligible." In a 2022 Report to Congress, the PTO documented how "many 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."

USAA argues the case cleanly presents the Federal Circuit's erroneous categorical rule that improvements to "user experience" rather than "computer functionality" are *per se* ineligible. The court applied this rule as dispositive at step one, stating 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.” USAA contends this categorical rule conflicts with *Alice*’s statement that “[a]pplications’ of [abstract] concepts ‘to a new and useful end’ remain eligible for patent protection.”

The petition notes that a Congressional solution is theoretically possible, but highly unlikely. “[T]he floors of Congress are littered with failed attempts to bring about largescale, systemic change” to Section 101.

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