

# USAA Warns Alice '101 Became 'Sinkhole' For Tech In \$223M Case


By [Dani Kass](#) · [Listen to article](#)

*Law360* (January 20, 2026, 10:41 PM EST) -- The [United Services Automobile Association](#) has become the latest patent owner to urge the U.S. Supreme Court to review what constitutes an abstract idea not eligible for patenting after the Federal Circuit invalidated mobile check deposit patents juries had determined [PNC Bank](#) owed \$223 million for infringing.

USAA's [certiorari petition](#), filed Wednesday and docketed Friday, argues the Federal Circuit has "systematically misclassified" any technological process as an abstract idea, allowing patents on computer-implemented processes only when the functionality improves the computer itself.

"That error has transformed the modest 'abstract idea' exception into a sinkhole that swallows technological processes," the petition says.

USAA had sued PNC in the [Eastern District of Texas](#), arguing infringement in a series of cases. That led to a pair of trials in 2022, one with a [\\$218.5 million](#) verdict against PNC, the other with a [\\$4.3 million](#) verdict.

PNC appealed, and the Federal Circuit invalidated USAA's patents in June. The panel cited the Supreme Court's 2014 [Alice Corp. v. CLS Bank](#)  decision, which looks first at whether a patent is directed to an abstract idea, and if so, whether there is an added inventive concept to make it patentable.

How to interpret Alice and related eligibility precedent has been the subject of countless cert petitions over the past decade, but USAA said its case is particularly strong.

"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," USAA said.

USAA said its patent turned remote check depositing from something that had to be done on specialized scanners into a function performed using a standard camera — adding that the need was particularly strong with service members deployed overseas who bank with it.

The improvement involved using an app to assist the user in taking a picture that complied with technical standards needed for a check to be deposited, then using optical character recognition and other techniques to make sure the check could be deposited, according to USAA.


The Supreme Court needs "to clarify that improving a user's experience while using a computer is not categorically beyond the protection of patent law," USAA said.

District court and magistrate judges had denied PNC's requests for summary judgment that the patents couldn't meet eligibility requirements under Section 101 of the Patent Act.

The Eastern District of Texas litigation stopped at step one of Alice, while the Federal Circuit went on to analyze step two as well before invalidating the claims, USAA said. The Federal Circuit's "repeated backsliding" on playing fact finder in eligibility analysis is another problem, the petition says.

"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," it says.

USAA further claims its petition differs from others that had been seen as front-runners for getting the justices to reconsider patent eligibility, which focused on natural laws. The justices in 2022 [rejected](#) a petition where the Federal Circuit concluded [American Axle & Manufacturing Inc.](#)'s driveshaft patent came down to a law of physics. In 2020 and 2023, they rejected petitions challenging decisions that Athena Diagnostics' and CareDx's diagnostic patents, respectively, were directed to natural laws or phenomena.

The solicitor general, [without success](#), had [recommended](#) taking up American Axle when asked by the court, and largely unprompted had [urged](#) the justices to review [Athena Diagnostics v. Mayo Collaborative Services](#) . USAA said the justices should, at a minimum, ask the solicitor general's office to take a position on its petition, which has not happened during this administration.

USAA also pointed to a petition the justices [rejected](#) in March, which like its own case involved an abstract idea. There, the Federal Circuit determined that Impact Engine's web-based advertising system patents came down to "the abstract idea of processing information."

"Petitioner's true complaint, therefore, was that the court had read its claims too generally, reducing them to 'a caricature,'" USAA wrote. "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."

PNC's response is due Feb. 17.

USAA filed another petition at the Supreme Court in August, challenging the [Patent Trial and Appeal Board](#)'s invalidation of patent claims involved in the \$218 million trial. That petition was [rejected](#) in October.

In a statement Friday, USAA said: "We requested a review of the [Federal Circuit's] decision on our remote deposit capture patents because it was not consistent with U.S. Supreme Court precedent on patent eligibility."

Federal Circuit counsel for PNC didn't immediately respond to requests for comment Friday.

The patents-in-suit are U.S. Patent Nos. [10,402,638](#); [10,482,432](#) ; [10,013,681](#); and [10,013,605](#).

USAA is represented by William M. Jay and Jesse Lempel of [Goodwin Procter LLP](#) and Jason Sheasby, Lisa Glasser, Anthony Rowles and Stephen Payne of [Irell & Manella LLP](#).

PNC was represented at the Federal Circuit by Mark C. Fleming, Andrew J. Danford, Makenzi G. Herbst, Joseph J. Mueller, R. Gregory Israelsen, Gregory H. Lantier and Gerard A. Salvatore of [WilmerHale](#) and Melissa R. Smith of [Gillam & Smith LLP](#).

The case is United Services Automobile Association v. PNC Bank N.A., case number [25-853](#), in the [Supreme Court of the United States](#).

--Editing by Nick Siwek.