

Federal Circuit Reverses US\$200M+ Jury Verdicts Because Asserted Claims Are Unpatentable Under § 101

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According to 35 U.S.C. § 101, “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof” may be patentable. Courts and litigants often struggle in determining what falls outside this scope—i.e., what is unpatentable subject matter. The Federal Circuit Court of Appeals dealt with this issue in a series of appeals between *USAA v. PNC Bank* (CAFC Nos. 2023-1639, 2023-1778, 2023-1866, 2025-1276, 2025-1277, and 2025-1341), held that the claims in the patents at issue recite unpatentable subject matter, and reversed the entries of judgment for the US\$218M and US\$4.3M jury verdicts that issued out of the Eastern District of Texas.

The patents at issue relate to remote capture and deposit of checks—for example, using a mobile phone’s camera to take a picture of a check and transmit the image to a bank. The parties disputed whether the claims encompass patentable subject matter. The district court held that they do—for example, because they provide a technological improvement by reciting a general-purpose computer with additional limitations that “enable the computer to perform the same functions as specialized check processing machines of the prior art.” The Federal Circuit disagreed, citing precedent “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.’” (citing *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016)).

Applying the *Electric Power* precedent, the Federal Circuit concluded that the claims are unpatentable. The claims were determined as (i) “directed to the abstract idea of depositing a check using a mobile device” and “improving the user’s experience of depositing a check by allowing the use of familiar and easily acquired electronics” and (ii) only reciting “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.” The panel further observed that the claims do not recite additional limitations that could provide patentability, because they provide “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.” The panel concluded that there is no inventive concept in these claims, because they “merely provide for mobile-device implementation of routine or conventional activities long-associated with depositing checks.”

The *Electric Power* precedent has been cited by the Federal Circuit more than 100 times, with a majority of those opinions finding patent claim that merely recited the use of conventional computer components ineligible under Section 101. Some claims have passed muster, such as in *Amdocs (Israel) Limited v. Openet Telecom, Inc.*, 841 F.3d 1288, 1302 (Fed. Cir. 2016), but many of those opinions include dissents that would have found unpatentability. See, e.g., Judge Reyna dissent in *Amdocs* (concluding claim ineligible because recites steps that “merely comprise the abstract concept of collecting information about network services” without providing an inventive concept). The USAA claims, however, were found lacking.

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