

PNC claps back at USAA over its mobile check deposit patent case

Article

The news: PNC took down three of USAA's patents regarding mobile check deposit through a secondary review by the US Patent Office, [per](#) American Banker.

Patent pending: After PNC was [ordered to pay \\$218 million](#) for infringing USAA's mobile check deposit patents in May 2022, it asked the US Patent Office's Patent Trial and Appeal

Board to review those patents' validity.

- The board's review concluded that the patents are invalid, and that if the US Patent Office had all of the facts during the approval process, it wouldn't have granted the patents.
- PNC can now appeal the court's 2022 decision against it. But USAA said it will fight back. USAA had also successfully defended its mobile check deposit patents in a case against **Wells Fargo** in 2019, which resulted in Wells Fargo paying over \$300 million for its violations.

The race is on for PNC and USAA to appeal the court's and the Patent Appeal Board's decisions. Both banks believe that the case heard first will determine the direction of the final mobile deposit patent verdict.

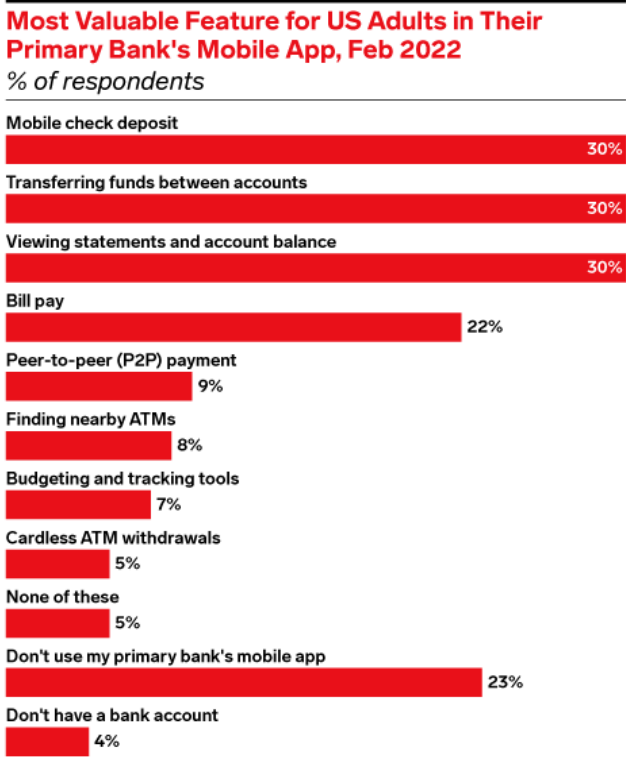
How did this happen? The ongoing clash raises questions about how these patents were approved in the first place, and why they now can be invalidated.

- During the patent approval process, a sole patent examiner is responsible for reviewing the application information, as well as conducting research through handwritten notes and other patent applications to determine if the idea is new or if it has previously been invented. All of this happens under a tight deadline.
- A key part in USAA's original success in the PNC and Wells Fargo infringement cases is that the cases were brought to court in Marshall, Texas—a court that's known to be patent-friendly and usually finds in favor of the plaintiff.
- But patents can get a second look through the US Patent Trademark Office's inter partes review process, which is conducted outside the courts. This is a common way for banks to have patents reviewed, and it's how both PNC and Wells Fargo had the USAA patents reviewed, and in PNC's case, invalidated.

What does this mean?

- If the courts maintain that the USAA patents are invalid, it would be a huge win—not just for PNC and Wells Fargo, but for nearly all US banks. In 2017, USAA sent letters to over 100 banks that were using the mobile deposit technology, claiming they were in violation of the patent. USAA said it would work with the banks to create licenses for the use of the technology or it would pursue legal action.

- But if the USAA patents are deemed valid, we could see more costly litigation. It's still unclear, however, how many of the invalid patents pertain to the PNC case, and how many relevant patents are still under review.



Note: within the past year
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The big takeaway: The patent wars have become a lengthy, expensive way to develop new technology. So long, in fact, that by the time the conflict is resolved, paper checks may be a thing of the past. But some banks are starting to push back on this approach to patent defense.

- Last year, financial institutions like **Truist**, **Block**, and **TD Bank** joined the **Open Invention Network**. This group aims to create shared software licensing and open source software that would promote innovative technology and discourage participants from suing each other.

With the continued acceleration of digitization within the financial industry, and new and powerful technologies like artificial intelligence just beginning to take off, it's in the best interest of banks to work together to promote safe and creative development of these

technologies. Without collaboration, the monetary benefits they reap might end up going to legal fees.

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