

# Two Federal Circuit Decisions Nullify Nine-Figure Damages Awards

## Publications

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In two June 2025 decisions, the Federal Circuit Court of Appeals rejected patent infringement jury verdicts for \$218.5 million and \$300 million—one reversed for claiming patent ineligible subject matter, and the other vacated due to an improper question on the jury verdict form for infringement.

First, in *United Services Automobile Association v. PNC Bank N.A.*, USAA’s patent assertion campaign relating to remote check deposit technology against various banks over the past several years hit a roadblock when the Federal Circuit determined the asserted USAA patents were patent ineligible under 35 U.S.C. § 101 for claiming an abstract idea, which negated the \$218.5 million damages award against PNC Bank.

The trial court in the Eastern District of Texas granted summary judgment for USAA that its patents were patent eligible—finding the claims not directed to an abstract idea under *Alice Corp. v. CLS Bank Int’l*. On appeal, PNC Bank argued that the district court’s grant of summary judgment was erroneous, and that the patent claims are invalid under § 101 for claiming an abstract idea. The Federal Circuit agreed, and issued two related June 12, 2025, opinions reversing the district court’s summary judgment of patent eligibility. The Federal Circuit went one step further and determined the claims from the USAA patents were ineligible for claiming an abstract idea without an inventive concept under *Alice*.

Using the two-step analysis from *Alice*, the Federal Circuit first determined in Step 1 that “the claims are directed to the abstract idea of depositing a check using a handheld mobile device,” because the claim elements recite well-known steps taken when depositing checks using general-purpose hardware, do not claim *how* to carry out the required claims steps but merely contain results-oriented claim language that does not contain a non-abstract technical solution.

The Court’s Step 2 analysis concluded that the claims contained no inventive concept that transforms the abstract claims into a patent eligible application. The Court rejected USAA’s argument that its patents solved a technological problem of accurate detection and extraction of information from digital images of checks. It found that the claims merely use routine or conventional activities long associated with depositing checks using general-purpose mobile devices. With the patent’s ineligible for patent protection, the infringement and damages verdict cannot stand.

Second, in *Optus Cellular Technology, LLC v. Apple Inc.*, the Federal Circuit vacated an infringement and damages judgment, and remanded for a new trial, because the district court’s jury verdict form question on infringement violated Apple’s right to a unanimous jury decision. Despite the parties’ request for separate questions for each of the five asserted patents, the district court included only a single question asking whether “Apple infringed ANY of the asserted claims?” The affirmative response to that question led to a \$300 million damages award.

On appeal, Apple argued that the single question for five patents erroneously required an affirmative answer, even if none of the five patents were unanimously found to infringe. As the Court noted, if each juror believed at least one claim of one patent was infringed, then the jury was required to answer “yes” to the infringement question. That would be true even if the various jurors believed a *different* patent was infringed, which would not constitute a unanimous determination of infringement of any one patent.

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