
IN THE
Supreme Court of the United States

UNITED SERVICES AUTOMOBILE ASSOCIATION,

Petitioner,

v.

PNC BANK N.A.,

Respondent.

On Petition for a Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

LISA GLASSER
ANTHONY ROWLES
STEPHEN PAYNE
IRELL & MANELLA LLP
840 Newport Center Dr.
Suite 400
Newport Beach, CA 92660

WILLIAM M. JAY
Counsel of Record
ROHINIYURIE TASHIMA
GOODWIN PROCTER LLP
1900 N Street, N.W.
Washington, D.C. 20036
wjay@goodwinlaw.com
(202) 346-4190

August 5, 2025

*Counsel for Petitioner
United Services
Automobile Association*

Additional counsel listed on inside cover

JASON SHEASBY
IRELL & MANELLA LLP
1800 Avenue of the Stars
Los Angeles, CA 90067

QUESTION PRESENTED

“It is a fundamental principle of administrative law that agencies must treat like cases alike.” *Grayscale Invs., LLC v. SEC*, 82 F.4th 1239, 1242 (D.C. Cir. 2023). Thus, in the D.C. Circuit, an agency decision that “[f]ail[s] to distinguish prior orders in similar cases” and “justify different results reached on similar facts” will be vacated. *Id.* at 1245 (citation omitted). The Federal Circuit, by contrast, does not require agencies to provide such an explanation except when the parties and the issues are identical. In this case, the agency upheld two patents against a challenge brought by one bank, but invalidated the same patents against substantively the same challenge brought by a different bank.

The question presented is as follows:

Whether an agency decision is arbitrary and capricious when it fails to justify a different result reached on saliently similar facts, but involving a different party?

RULE 29.6 STATEMENT

Petitioner United Services Automobile Association (USAA) discloses that it has no parent corporation and that no publicly held company owns 10% or more of its stock.

PARTIES TO THE PROCEEDING

All parties appear in the caption of the case on the cover page.

RELATED PROCEEDINGS

Patent Trial and Appeal Board:

PNC Bank, N.A. v. United Services Automobile Association, IPR2021-01073 (Jan. 19, 2023)

PNC Bank, N.A. v. United Services Automobile Association, IPR2021-01070 (Jan. 19, 2023)

U.S. Court of Appeals for the Federal Circuit:

United Services Automobile Association v. PNC Bank N.A., Nos. 23-2124, 23-2125 (Apr. 4, 2025), *reh'g denied* (May 7, 2025)

TABLE OF CONTENTS

	Page
QUESTION PRESENTED.....	i
RULE 29.6 STATEMENT.....	ii
PARTIES TO THE PROCEEDING.....	ii
RELATED PROCEEDINGS.....	ii
INTRODUCTION.....	1
OPINIONS BELOW.....	2
JURISDICTION.....	3
STATUTORY PROVISIONS INVOLVED.....	3
STATEMENT.....	4
A. USAA develops groundbreaking technology to allow military families to remotely deposit checks.....	4
B. This case involves decisionmaking by the Patent Trial and Appeal Board that is subject to the Administrative Procedure Act.....	6
C. Wells Fargo and PNC both challenge USAA’s patents on materially identical grounds, and the Board reaches opposite decisions.....	8
D. The Federal Circuit approves the Board’s unexplained about-face.....	13
E. The decision in this case leads to reversal of a jury verdict.....	14
REASONS FOR GRANTING THE WRIT.....	14

I. The D.C. Circuit and Federal Circuit disagree over what constitutes an inconsistent agency decision.....	15
II. The decision below is wrong and signals to agencies that they may render inconsistent decisions without any guardrails.	22
III. This case provides an ideal vehicle to resolve the question presented.	25
CONCLUSION	29
APPENDIX A: Opinion of the Federal Circuit, dated February 3, 2025.....	14
APPENDIX B: Final Written Decision of the Patent Trial and Appeal Board, IPR2021-01073, dated January 19, 2023	14
APPENDIX C: Final Written Decision of the Patent Trial and Appeal Board, IPR2021-01070, dated January 19, 2023	14
APPENDIX D: Order of the Federal Circuit denying the petition for rehearing and rehearing en banc, dated May 7, 2025	14

TABLE OF AUTHORITIES

	Page(s)
Cases:	
<i>ANR Storage Co. v. FERC</i> , 904 F.3d 1020 (D.C. Cir. 2018).....	18
<i>Balt. Gas & Elec. Co. v. FERC</i> , 954 F.3d 279 (D.C. Cir. 2020).....	25
<i>BASF Corp. v. Enthone, Inc.</i> , 749 F. App'x 978 (Fed. Cir. 2018).....	20
<i>Blonder-Tongue Lab'ys, Inc. v. Univ. of Ill. Found.</i> , 402 U.S. 313 (1971).....	20
<i>ConAgra, Inc. v. NLRB</i> , 117 F.3d 1435 (D.C. Cir. 1997).....	17
<i>Dickinson v. Zurko</i> , 527 U.S. 150 (1999).....	16
<i>Emerson Elec. Co. v. SIPCO, LLC</i> , 745 F. App'x 369 (Fed. Cir. 2018).....	20
<i>Encino Motorcars, LLC v. Navarro</i> , 579 U.S. 211 (2016).....	22
<i>EPA v. Calumet Shreveport Refining, L.L.C.</i> , 605 U.S. ___, 145 S. Ct. 1735 (2025)	21
<i>FCC v. Fox Television Stations Inc.</i> , 556 U.S. 502 (2009).....	22
<i>Grayscale Invs., LLC v. SEC</i> , 82 F.4th 1239 (D.C. Cir. 2023) .	15, 16, 17, 24, 25

<i>KSR Int’l Co. v. Teleflex Inc.</i> , 550 U.S. 398 (2007)	7
<i>LeMoyne-Owen Coll. v. NLRB</i> , 357 F.3d 55 (D.C. Cir. 2004)	18
<i>Loc. 32, Am. Fed’n of Gov’t Emps., AFL-CIO</i> <i>v. FLRA</i> , 774 F.2d 498 (D.C. Cir. 1985)	18
<i>Loc. 777, Democratic Union Org. Comm. v.</i> <i>NLRB</i> , 603 F.2d 862 (D.C. Cir. 1978)	18, 25
<i>Loc. 814, Int’l Brotherhood of Teamsters v.</i> <i>NLRB</i> , 512 F.2d 564 (D.C. Cir. 1975)	18
<i>Martin v. Franklin Cap. Corp.</i> , 546 U.S. 132 (2005)	1
<i>Nat’l Cable & Telecomms. Ass’n v. Brand X</i> <i>Internet Servs.</i> , 545 U.S. 967 (2005)	22
<i>SAS Inst. Inc. v. Iancu</i> , 584 U.S. 357 (2018)	8
<i>SynQor, Inc. v. Vicor Corp.</i> , 988 F.3d 1341 (Fed. Cir. 2021)	19
<i>United States v. Arthrex, Inc.</i> , 594 U.S. 1 (2021)	6
<i>USAA v. PNC Bank N.A.</i> , Nos. 2023-1778, 2025-1277, 2025 WL 1662737 (Fed. Cir. June 12, 2025)	14
<i>Vicor Corp. v. SynQor, Inc.</i> , 869 F.3d 1309 (Fed. Cir. 2017)	19, 20

Wells Fargo Bank, N.A. v. USAA,
 IPR No. 2019-01082, 2020 WL 6937381
 (P.T.A.B. Nov. 24, 2020) 10, 13

Wells Fargo Bank, N.A. v. USAA,
 IPR No. 2019-01083, 2020 WL 6938004
 (P.T.A.B. Nov. 24, 2020) 10, 13

Statutes:

5 U.S.C. § 706 3

5 U.S.C. § 706(2)(A) 22

28 U.S.C. § 1254(1) 3

35 U.S.C. § 103 7

35 U.S.C. § 311(b) 7

35 U.S.C. § 312(a)(3) 7

35 U.S.C. § 314(a) 6, 7

35 U.S.C. § 316(e) 7

35 U.S.C. § 319 8

Check Clearing for the 21st Century Act
 (Check 21 Act), Pub. L. No. 108-100, 117
 Stat. 1177 (2003) 5

Other Authorities:

127 Cong. Rec. 27791 (1981) (statement of
 Rep. Kastenmeier) 27

Cong. Rsch. Serv., *The Patent Trial and
 Appeal Board and Inter Partes Review*
 (2024), <https://crsreports.congress.gov/product/pdf/R/R48016> 27

Josh Malone, <i>Assessing PTAB Invalidity Rates</i> , U.S. Inventor (July 15, 2022), https://usinventor.org/assessing-ptab-invalidity-rates	28
Stephen Schreiner, <i>The PTAB's 70% All-Claims Invalidation Rate Continues to Be a Source of Concern</i> , IPWatchdog (Jan. 12, 2025), https://ipwatchdog.com/2025/01/12/ptab-70-claims-invalidation-rate-continues-source-concern/	27, 28
Matthew G. Sipe, <i>Experts, Generalists, Laypeople – and the Federal Circuit</i> , 32 Harv. J.L. & Tech. 575 (2019)	27
U.S. Ct. of Appeals for the Fed. Cir., <i>Year-to-Date Activity as of June 30, 2025</i> , https://www.cafc.uscourts.gov/wp-content/uploads/reports-stats/FY2025/FY2025YTDActivity09.pdf	28
USPTO, <i>PTAB Trial Statistics: FY24 End of Year Outcome Roundup IPR, PGR</i> , https://www.uspto.gov/sites/default/files/documents/ptab_aia_fy2024__roundup.pdf	27

PETITION FOR A WRIT OF CERTIORARI

Petitioner United Services Automobile Association respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

INTRODUCTION

Reasoned decisionmaking demands that like cases be decided alike. *E.g.*, *Martin v. Franklin Cap. Corp.*, 546 U.S. 132, 139 (2005). Indeed, that fundamental principle separates reasoned decisionmaking from arbitrariness.

The D.C. Circuit has remained faithful to this principle, requiring the agencies it reviews to adequately justify why they reached inconsistent decisions in saliently similar cases. The Federal Circuit, by contrast, has largely abandoned it. The agencies *it* reviews need only decide cases alike when those cases involve the same parties and virtually identical records. As long as an agency can point to a cosmetic difference, according to the Federal Circuit, the agency has unbridled discretion to reach opposite outcomes—even on *materially* identical cases. The Federal Circuit’s approach to reviewing agency adjudications renders meaningless the requirement that agencies acknowledge when they are changing their minds, and explain why. But adjudications are not exempt from the APA’s obligation to avoid arbitrary and capricious decisionmaking.

The decision below is particularly egregious—and not just because it invalidates USAA’s intellectual property rights in groundbreaking technology that USAA invented to allow deployed U.S.

servicemembers to make bank deposits from anywhere they could carry a mobile phone. Here, two different competitors—Wells Fargo and PNC—challenged two of USAA’s patents, following the same playbook. They both claimed that the patents were obvious based on a combination of two types of prior-art references: (1) earlier-generation mobile banking technology and (2) technology for use with business cards. In Wells Fargo’s case, the Patent Trial and Appeal Board rejected the combination, and the claim that USAA’s patents were obvious, because a skilled artisan would not have combined those references. When PNC appeared before the Board with exactly the same arguments, however, the Board reached exactly the opposite outcome. According to the Board, the mere fact that PNC had substituted publications from different authors—even though they taught the *same thing* as Wells Fargo’s—meant the Board could depart from its *Wells Fargo* decisions without explanation. The Federal Circuit agreed. Under the D.C. Circuit’s approach, by contrast, the agency’s unacknowledged about-face would be enough to hold its decision arbitrary and capricious.

The Federal Circuit’s approach cannot be reconciled with either the D.C. Circuit’s approach or the longstanding requirement that similar cases be treated similarly. This Court should grant certiorari and reverse.

OPINIONS BELOW

The Federal Circuit’s opinion (Pet.App.1a-9a) is not published in the *Federal Reporter* but is available at 2025 WL 370141. The Patent Trial and Appeal Board’s final written decision with respect to the ’571 patent (Pet.App.10a-108a) is available at 2023 WL

317521, and its final written decision with respect to the '779 patent (Pet.App.109a-178a) is available at 2023 WL 316806.

JURISDICTION

The court of appeals entered judgment on February 3, 2025. The court denied a petition for rehearing en banc on May 7, 2025 (Pet.App.179a-180a). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

5 U.S.C. § 706 provides:

To the extent necessary to decision and when presented, the reviewing court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of an agency action. The reviewing court shall—

(2) hold unlawful and set aside agency action, findings, and conclusions found to be—

(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

STATEMENT**A. USAA develops groundbreaking technology to allow military families to remotely deposit checks.**

USAA is an association cooperatively owned by those it serves—members of the U.S. military and their families, whether they are stationed at home or deployed overseas. Because servicemembers are frequently stationed around the world and far from physical bank branches, it was historically difficult for them to deposit paper checks. USAA accordingly does not operate a traditional network of bank branches or ATMs. C.A.App.4417.

To better serve globally deployed servicemembers, USAA became the industry pioneer in mobile banking. Other companies in the industry thought its effort was doomed to failure. USAA overcame that skepticism and developed a mobile banking system that allowed customers to deposit checks using mobile devices they already owned. USAA's innovation freed customers from needing to use a specialized scanner attached to a desktop computer. USAA has allowed those it serves to deposit checks "from anywhere," including Afghanistan and Iraq, for well over a decade. C.A.App.4417.

In the next generation of its technology, to help the large population of retired servicemembers who have visual or physical disabilities, USAA created a system that freed users from worrying about whether they had taken a clear enough picture of the check. Images of checks can only be used for deposit in the United States if they meet the strict quality criteria to be

“Check-21 compliant.”¹ USAA’s technology uses the customer’s mobile device itself to analyze check images in real-time and then automatically captures an image when the quality is sufficient for deposit.

Because USAA was the first to invent this autocapture technology for check deposit, it secured patent protection for its research and innovation. This case concerns two of those patents: U.S. Patent Nos. 8,977,571 (the ’571 patent) and 8,699,779 (the ’779 patent). The two patents are similar in relevant respects.

Claim 1 of the ’571 patent is representative of the issues at stake here. Claim 1 claims a method of depositing a check using an autocaptured image, consisting of these steps:

- “monitor[ing] an image of the check in a field of view of a camera of a mobile device with respect to” one or more “monitoring criteri[a]”;
- “captur[ing] the image of the check with the camera when the image of the check passes the monitoring criterion”; and
- “provid[ing] the image of the check from the camera to a depository via a communication pathway” for deposit.

¹ “Check-21” refers to the federal statute that authorized the use of electronic check images for deposit in place of paper checks. Check Clearing for the 21st Century Act (Check 21 Act), Pub. L. No. 108-100, 117 Stat. 1177 (2003). As explained in the text, USAA pioneered the technology that made Check 21’s promise a reality.

Pet.App.19a. The “monitoring criteria” may be, for example, light contrast, light brightness, or proper framing of the check. Because the image capture is “performed automatically by the camera” when the criteria are satisfied, the method reduces “the number of non-conforming images of checks” that are presented to the bank and rejected. C.A.App.201(4:14-28).²

B. This case involves decisionmaking by the Patent Trial and Appeal Board that is subject to the Administrative Procedure Act.

This case turns on administrative-law principles, not patent law. That said, understanding the divergent Board decisions at issue, and why they came to opposite outcomes on materially identical facts, calls for some background about the Patent Trial and Appeal Board, the way it resolves “inter partes reviews” of patents, and how it decides whether a patent claim is obvious.

An “inter partes review” proceeding like this one proceeds in two steps. First is the decision whether to institute a review at all, based on whether a review will likely invalidate at least one challenged patent claim. 35 U.S.C. § 314(a); *see, e.g., United States v. Arthrex, Inc.*, 594 U.S. 1, 8 (2021). Although the statute assigns the decision whether to institute an “inter partes review” to the Director of the U.S. Patent

² The '779 patent claims a similar procedure, except that alignment must be used as one of the monitoring criteria: it claims “project[ing] an alignment guide in the display of the mobile device,” and “automatically captur[ing] the image of the check when the image of the check is determined to align with the alignment guide.” Pet.App.116a.

and Trademark Office, the Director has largely delegated that decision to panels of the Board. *Id.* Second is the decision whether to invalidate the challenged claims. That decision is made by a panel of three Administrative Patent Judges—often the same three APJs who decided to institute the review. *Id.*

Each inter partes review considers only one patent, and it can only consider whether the claims should be invalidated based on written “prior art”—essentially, what a person skilled in the relevant field would have already known at the time the patent application was filed. *See* 35 U.S.C. § 311(b). These inter partes reviews considered whether the patents were “obvious” under 35 U.S.C. § 103. A petitioner asserting obviousness in an inter partes review has to identify, at the outset, what “printed publications” in the prior art it alleges make the patent obvious. *Id.* §§ 311(b), 312(a)(3). The burden is on the petitioner. *Id.* § 316(e).

A patent is not obvious just because it combines elements that existed separately in the prior art. *See, e.g., KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007) (“[A] patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art.”). Rather, such a patent is obvious only if the *combination* would have been obvious to a skilled artisan on the critical date.

Showing the combination to be obvious requires the challenger to prove two things, under the framework that the Federal Circuit and the Board both use—which no party has challenged. First, and directly relevant in this case, is that a skilled artisan

would have been *motivated to combine* the relevant pieces of prior art—if, for example, the combination would have had some property that is desirable to pursue. Second is that the skilled artisan would have had a reasonable expectation of success in making the combination; combinations that no one would expect to work are not obvious.

All of the Board’s final written decisions are subject to review by the Federal Circuit. 35 U.S.C. § 319. That court reviews the Board’s decisionmaking under the familiar APA standards. *See, e.g., SAS Inst. Inc. v. Iancu*, 584 U.S. 357, 371 (2018) (“[J]udicial review remains available consistent with the Administrative Procedure Act”).

C. Wells Fargo and PNC both challenge USAA’s patents on materially identical grounds, and the Board reaches opposite decisions.

Both Wells Fargo and PNC are financial institutions that had no mobile banking solution until USAA developed and patented its innovation. Both eventually released mobile banking apps with an autocapture function that infringed USAA’s patents. And so both challenged the ’571 and ’779 patents before the Board, seeking inter partes review of both patents.

Both banks followed the same strategy: they argued that the prior art taught (1) the remote deposit of *checks* using a mobile phone, and (2) the automatic capture of images of *business cards* as soon as the cards’ edges line up with an alignment guide. Thus, they contended, the automatic capture of *check images* for deposit was obvious. Wells Fargo’s case came before the Board first, and the Board held that the

combination was not obvious because there was no motivation to combine teachings (1) and (2). But when PNC's case raising the exact same arguments based on substantively identical art came before a different panel of the Board, it came out exactly the opposite way: the Board held that a skilled artisan *would* be motivated to combine teachings (1) and (2), for reasons the Board had previously rejected, and that the combination *was* obvious.

1. Wells Fargo's proposed combination of teachings (1) and (2) relied primarily on a patent called Nepomniachtchi and a published patent application called Yoon. Nepomniachtchi is a patent directed to systems for processing images, including images of checks, to make it easier to extract information. *See* C.A.App.4428-4464.³ Nepomniachtchi recognized and addressed the difficulties associated with extracting information from images captured from mobile phones, such as the phenomenon of projective distortion (which occurs when a phone is held at an irregular angle to the text it is photographing). *See* C.A.App.4452-4456. Meanwhile, Yoon is a U.S. patent application that discloses "an apparatus and method for allowing a business card to be automatically photographed by detecting the boundary lines of the business card." Pet.App.95a. Once the business card is aligned, Yoon captures the image. C.A.App.4317-4319(¶¶6, 19, 28). Wells Fargo argued that a skilled artisan would have

³ Wells Fargo also relied on an international patent application called Acharya '436, under which customers are prompted and use a remote computer terminal, not a mobile phone, to "capture[] the image of the third-party check on the scanner, and forward[] the digital image to the" bank. C.A.App.4226(3:10-21).

been motivated to make this combination of teachings (1) and (2)—*i.e.*, to combine Nepomniachtchi’s mobile remote check deposit with Yoon’s autocapture of business cards—for several reasons: to reduce computational burden, ensure the check was properly aligned, and “minimize the need to ask the user to retake the photo.” *Wells Fargo Bank, N.A. v. USAA*, IPR No. 2019-01082, 2020 WL 6937381, at *10 (P.T.A.B. Nov. 24, 2020); *Wells Fargo Bank, N.A. v. USAA*, IPR No. 2019-01083, 2020 WL 6938004, at *10 (P.T.A.B. Nov. 24, 2020). The Board disagreed. With respect to the computational burden, the Board found that a skilled artisan would have actually expected combining Nepomniachtchi and Yoon to “*increase* computational burden on the mobile device.” 2020 WL 6937381, at *14; 2020 WL 6938004, at *15 (emphasis added). The Board likewise rejected Wells Fargo’s alignment argument, recognizing that a skilled artisan would have expected Yoon’s alignment guide alone to have solved many of the potential alignment problems, making the additional benefit from alignment-based autocapture minimal. 2020 WL 6937381, at *17; 2020 WL 6938004, at *18. Finally, combining Nepomniachtchi with Yoon threatened to increase, not minimize, the need for retakes, with the Board finding that autocapturing images based on alignment would lead to check images that are “*better aligned*, but not necessarily check images that are more *suitable for deposit*, which is based on numerous factors other than alignment.” 2020 WL 6937381, at *23; 2020 WL 6938004, at *24 (emphasis in originals).

Wells Fargo did not appeal the Board’s decisions and settled its litigation with USAA.

2. While the *Wells Fargo* inter partes review was underway, PNC filed the petitions to initiate the two IPRs at issue in this petition. Its case, too, was based on a combination of teachings (1) and (2); it simply substituted different prior-art references that also taught mobile remote check deposit and alignment-based autocapture of business cards. For teaching (2), PNC substituted a reference called Luo. Like Yoon, Luo discloses a “method and system for capturing images using a digital camera, especially (but not exclusively) a method and system for capturing images of documents such as business cards.” C.A.App.1756. More specifically, Luo discloses displaying “reference lines” that indicate when the “straight edge” of a business card “is substantially parallel to the corresponding reference line.” Pet.App.39a-41a; *see also* C.A.App.1754. At that point, the user can then manually capture the image or, alternatively, “when the straight edge ... displayed on the preview window ... is substantially parallel ... the system ... can automatically capture the selected image.” Pet.App.41a.

For teaching (1), PNC substituted a patent called Acharya—another publication from the same inventor on whom Wells Fargo had also relied, *see note 3, supra*. Just like Nepomniachtchi, Acharya discloses “a system and method for allowing banking customers to deposit financial instruments, including third-party checks, from remote locations.” C.A.App.1746.

Given PNC’s strategy of substituting different references to make the same points as in *Wells Fargo*, USAA asked PNC’s expert whether the substitute references taught anything different. He did not claim that they did. Rather, PNC’s expert could only

say that PNC's reference (Acharya) disclosed *less* than Wells Fargo's reference (Nepomniachtchi). More specifically, he asserted that Nepomniachtchi taught embodiments that "included suitable techniques for addressing projective distortion" while "Acharya is silent as to the projective (or perspective) distortion problem." C.A.App.3497. And as PNC and its expert admitted, Nepomniachtchi already successfully addressed image distortion. C.A.App.3497; C.A.App.1006; C.A.App.6639. That was clear from a commercial product called ImageNet, which was marketed by the company that owned the Nepomniachtchi patent and embodied the teachings of that reference. Thus, neither PNC nor its expert could offer anything in its references that was not presented in the Wells Fargo proceeding.

Just to be sure, however, USAA submitted the prior-art references from Wells Fargo into evidence. An obviousness decision turns on *all* the teachings of the prior art as of the critical date, and so the PNC panel had everything before it that the Wells Fargo panel had, plus the two new references that PNC's expert admitted did not add anything new.

But on that identical record, the Board reached the opposite conclusion. It departed from its *Wells Fargo* decisions and found a motivation to combine teachings (1) and (2) from PNC's references, for reasons it had previously rejected when it reviewed Wells Fargo's substantively indistinct references, without explaining its reasons for that departure. And based on that motivation to combine, it found the claimed inventions obvious.

Just like Wells Fargo, PNC argued that a skilled artisan would have been motivated to combine

Acharya and Luo to “ensure that the check was properly aligned” and “minimize the need to ask the user to retake the photo,” 2020 WL 6937381, at *10; 2020 WL 6938004, at *10. And even though the Board cleanly rejected that argument in its *Wells Fargo* decisions, it accepted it here. Its only attempt to explain the inconsistent decisions was a statement that PNC relied on different prior-art references to establish teachings (1) and (2): it held that USAA’s “evidence of disadvantages is unpersuasive and *rests primarily on its analysis of prior art references not asserted by [PNC]* and of marginal relevance to this proceeding.” Pet.App.74a-75a; Pet.App.171a (emphasis added).

USAA raised the inconsistency in a rehearing petition. In denying rehearing, the Board opined that “those were arguments and evidence particular to the Wells Fargo IPR,” and that “the findings based on those arguments and evidence are not general findings of teachings away that would be applicable to other prior art references, such as Acharya and Luo.” C.A.App.161-62; C.A.App.178.

D. The Federal Circuit approves the Board’s unexplained about-face.

As relevant to this petition, the Federal Circuit affirmed the Board’s turnabout. The Federal Circuit quoted the rehearing decision’s statement that the *Wells Fargo* decision’s findings “[we]re not *general* findings of teachings away that would be applicable to other prior art references, such as Acharya and Luo.” Pet.App.7a (quoting C.A.App.161-62) (emphasis added). The Federal Circuit then stated: “We agree with the Board and thus reject USAA’s argument that the Board erred in issuing inconsistent IPR decisions

without rational explanation.” Pet.App.7a. The court then proceeded to affirm the Board’s obviousness holding based on the highly deferential substantial-evidence standard of review. Pet.App.7a-9a.

E. The decision in this case leads to reversal of a jury verdict.

In a separate proceeding, USAA sued PNC for infringing the ’571 patent and others. The jury found infringement and awarded \$218.5 million in damages, part of which remediated PNC’s infringement of the ’571 patent. PNC appealed. The Federal Circuit held the other patents invalid but did not address the validity of the ’571 patent: instead, it pointed to the decision in this case and held that any judgment based on infringement of the ’571 patent must be reversed based on preclusion. *USAA v. PNC Bank N.A.*, Nos. 2023-1778, 2025-1277, 2025 WL 1662737, at *1 n.1 (Fed. Cir. June 12, 2025).

REASONS FOR GRANTING THE WRIT

The Federal Circuit’s decision in this case exacerbates an existing circuit split between the D.C. Circuit and Federal Circuit—the two circuits with agency-heavy dockets—over agencies’ obligations to follow the fundamental principle that like cases must be decided alike. For the D.C. Circuit, that principle cannot be brushed aside based on purely cosmetic differences—instead, where two cases present saliently similar facts, the agency must either decide those cases similarly or provide an adequate explanation for why it has diverged. But according to the Federal Circuit, immaterial differences—different labels, as in this case, or even just different parties—

can be enough to let an agency change positions without justification.

The Court should grant certiorari and resolve this conflict without delay. The Federal Circuit’s decision is wrong and tells the agencies falling under the Federal Circuit’s exclusive jurisdiction that they need not justify their own inconsistencies, even on the same issue and on materially similar records. This approach undermines the predictability of agency decisions and flies in the face of the APA’s mandate that courts set aside agency actions that are arbitrary and capricious. This circuit split on an important issue of agency review warrants immediate correction.

I. The D.C. Circuit and Federal Circuit disagree over what constitutes an inconsistent agency decision.

The D.C. Circuit correctly recognizes that “[i]t is a fundamental principle of administrative law that agencies must treat like cases alike.” *Grayscale Invs., LLC v. SEC*, 82 F.4th 1239, 1242 (D.C. Cir. 2023). And in the D.C. Circuit, that principle has real bite: an agency decision that “[f]ail[s] to distinguish prior orders in similar cases” and “justify different results reached on similar facts” will be vacated. *Id.* at 1245 (citation omitted). “Similar cases” means similar in the relevant respects—just as courts cannot distinguish their own binding precedent by pointing to trivial factual differences, agencies cannot escape the D.C. Circuit’s review of a switcheroo by pointing to immaterial, cosmetic distinctions. The Federal Circuit, by contrast, lets the agencies *it* reviews largely off the hook. It disregards this “fundamental principle of administrative law” except in the

narrowest of circumstances—treating it as little more than a rule of issue preclusion for cases with the same parties as well as the same issue. In the Federal Circuit, a mere cosmetic difference, as in this case, wipes the slate clean.

This Court has not hesitated to intercede when the Federal Circuit falls out of step with the other circuits that apply the APA and fails to apply ordinary principles of APA review. *See, e.g., Dickinson v. Zurko*, 527 U.S. 150, 154 (1999) (“We granted [certiorari] in order to decide whether the Federal Circuit’s review of PTO factfinding must take place within the framework set forth in the APA.”). A split with the D.C. Circuit over administrative-law principles is particularly deserving of review, because together the D.C. and Federal Circuits have jurisdiction over most federal agency decisions. The Court should resolve that split in this case.

1. The D.C. Circuit has repeatedly confirmed not only that agencies have the “fundamental” obligation to treat similar cases similarly, but also that agencies cannot shirk that obligation just by blinding themselves to two cases’ similarity. When there is “substantial evidence” of material similarity, then “[i]n the absence of a coherent explanation,” the “unlike regulatory treatment of like [situations] is unlawful.” *Grayscale*, 82 F.4th at 1251-52.

For instance, in *Grayscale*, the D.C. Circuit found unexplained inconsistency in the SEC’s “different treatment of similar products”—investment funds holding bitcoin, on one hand, and investment funds holding bitcoin *futures*, on the other. *Id.* at 1242. The SEC approved the latter, but not the former, for trading on national exchanges. *Id.* at 1243-44. And

as part of its analysis, it held that it was “unnecessary” for the bitcoin *futures* funds to satisfy one particular prong of the SEC’s regulatory test (the “significant market” test)—but that the *bitcoin* fund flunked the same prong of the same test. *Id.* at 1247-48.

As the D.C. Circuit pointed out, the rejected fund presented “substantial evidence” that it was “similar, across the relevant regulatory factors,” to the approved funds. *Id.* at 1251-52; *see id.* at 1245-46 (similar). But the agency just “discount[ed]” that similarity—without explanation. *Id.* at 1248. It asserted that the difference in the assets owned by the two types of funds—one traded on a futures exchange, the other traded in the spot market—“was a ‘significant difference,’” but the D.C. Circuit did not regard that assertion as sufficient, because the agency “provided no support.” *Id.* at 1248.

What mattered was that Grayscale had made a showing that the funds were “salient[ly] similar[.]” *Id.* at 1246-47. The agency was free to explain that they were not, in fact, similar, but it did not do so. Thus, the SEC’s “fail[ure] to reasonably explain why it approved” the bitcoin futures funds but not the “similar” bitcoin fund meant the agency’s “inconsistent treatment of similar products [was] arbitrary and capricious.” *Id.* at 1249.

Grayscale is no anomaly. The D.C. Circuit has consistently required the agencies it reviews to look beyond superficial differences and treat cases similarly where the facts of those cases “are basically akin to those” of previously decided cases. *See ConAgra, Inc. v. NLRB*, 117 F.3d 1435, 1442, 1444 (D.C. Cir. 1997) (declining to enforce order that

“rest[ed] on an unexplained (indeed an unacknowledged) departure from the Board’s precedent”); *Loc. 32, Am. Fed’n of Gov’t Emps., AFL-CIO v. FLRA*, 774 F.2d 498, 500-03 (D.C. Cir. 1985) (vacating agency order where agency’s precedent was “inconsistent with the results obtained in the instant cases” and “direct[ing] [agency] to assess candidly and reconcile the apparent inconsistencies in these cases”).

Under this approach, an agency must provide an “adequate” explanation where it reaches “contrary holdings in ... cases that appear to have presented *similar*,” yet not identical, “facts.” See *LeMoyne-Owen Coll. v. NLRB*, 357 F.3d 55, 60-62 (D.C. Cir. 2004) (Roberts, J.) (emphasis added); see also *Loc. 777, Democratic Union Org. Comm. v. NLRB*, 603 F.2d 862, 869-70 (D.C. Cir. 1978) (noting where an agency “reache[s] diametrically opposite conclusions on the basis of virtually identical fact situations” and surmising the “only determinative element[] seems to be the composition of the [agency] panel which happens to hear the case”); *Loc. 814, Int’l Brotherhood of Teamsters v. NLRB*, 512 F.2d 564, 567 (D.C. Cir. 1975) (remanding where “the two decisions are factually similar and ostensibly inconsistent” and agency “has not explained its reasons for reaching different results”); *ANR Storage Co. v. FERC*, 904 F.3d 1020, 1026 (D.C. Cir. 2018) (concluding FERC “decision is arbitrary and capricious” because “FERC did not provide any reasonable justification” for treating differently two “indistinguishable ... competitors with virtually identical shares in the same relevant markets”).

2. In contrast, the Federal Circuit requires that cases be virtually identical, rather than “salient[ly] similar[],” before it will require the agency to provide an adequate explanation for its conflicting opinions. Its concept of “like cases” is so narrow that it will virtually never compel an agency to treat “like cases alike.”

Like the D.C. Circuit, the Federal Circuit has acknowledged that agency decisions should not “contain inconsistent findings.” *Vicor Corp. v. SynQor, Inc.*, 869 F.3d 1309, 1312 (Fed. Cir. 2017). But the Federal Circuit has layered additional qualifications onto this basic premise, significantly narrowing its approach to agency inconsistencies.

According to the Federal Circuit, “inconsistent findings” should not occur “on the same technical issue between the *same parties* on the *same record*” without explanation. *Vicor*, 869 F.3d at 1322 (emphasis added); *accord id.* at 1312 (should not “contain inconsistent findings *on identical issues*” (emphasis added)). Not only does this qualification appear nowhere in the APA, but it also imposes virtually no consistency obligation beyond the requirements of preclusion: if the parties are the same, the issues are the same, and the record is the same, the Federal Circuit separately recognizes that an earlier decision is binding as a matter of issue preclusion. *SynQor, Inc. v. Vicor Corp.*, 988 F.3d 1341, 1347 (Fed. Cir. 2021).

Indeed, under the Federal Circuit’s view, an agency would owe no explanation for giving the opposite treatment to two competitors that are otherwise identically situated, purely because they are not the same party. And because issue preclusion

requires that at least the losing party be the same, *see, e.g., Blonder-Tongue Lab'ys, Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 329 (1971), it does not rebalance the field—it skews it even further. For instance, where a repeat player (here, the owner of a patent repeatedly challenged by different competitors) prevails, neither the APA nor issue preclusion will make that victory stick once the next challenger steps forward; the agency is free to flip-flop. But as soon as a challenger prevails, the patent owner's *loss* will be treated as preclusive immediately. *See* p. 14, *supra*. Under the Federal Circuit's approach, a repeat player cannot expect even-handedly consistent treatment.

Since its decision in *Vicor*, the Federal Circuit has only continued to reiterate its view that inconsistent decisions are impermissible where they arise in disputes between “the same parties” and even the same “asserted combinations of prior art.” *See also BASF Corp. v. Enthone, Inc.*, 749 F. App'x 978, 985-86 (Fed. Cir. 2018) (vacating because of inconsistency between two inter partes reviews “involving the same parties and asserted combinations of prior art”); *Emerson Elec. Co. v. SIPCO, LLC*, 745 F. App'x 369, 373-74 (Fed. Cir. 2018) (vacating Board's determination where it “came to opposite conclusions on patentability of ... nearly identical claims despite considering nearly identical evidence in both cases” between same parties).

Put differently, where an agency reaches conflicting decisions in cases involving different parties or slightly different records, the Federal Circuit will not require that agency to provide an adequate explanation, even if the facts of those cases are (as the D.C. Circuit would put it) saliently similar.

3. The decision below is a prime example of the effect of this circuit split. Had the Federal Circuit reviewed the Board's decision in this case under the same framework as the D.C. Circuit, it would have vacated that decision. The Board would have needed to explain on remand why it reached opposite conclusions on saliently similar facts. Instead, the Federal Circuit's decisions have made clear to the Board that the court will not hold the agency to account so long as there are cosmetic differences between the conflicting cases. Even though PNC and Wells Fargo's prior art references were *substantively* identical, and even though all of Wells Fargo's references were in the record of this case, the Federal Circuit let the Board get away with dismissing them as "prior art references not asserted here." Pet.App.65a; Pet.App.4a-7a. The Board essentially freed itself from any obligation of consistency.

The D.C. Circuit and Federal Circuit's diverging approaches means that whether an agency is required to render consistent decisions depends entirely on which court reviews it. The APA standard is supposed to apply uniformly to all agency decisionmaking; instead the applicability of "fundamental" principles of APA review turns on which circuit is assigned to review the agency. The D.C. Circuit reviews a wide variety of agency decisions and has exclusive jurisdiction over some, *see, e.g., EPA v. Calumet Shreveport Refining, L.L.C.*, 605 U.S. ___, 145 S. Ct. 1735 (2025), whereas the Federal Circuit has nationwide jurisdiction over decisions of agencies such as the Board, the Trademark Trial and Appeal Board, the veterans' benefits system, and the Merit Systems Protection Board, among others. Whether a party can rely on agency precedent depends entirely

on under which agency it falls. Given the D.C. Circuit and Federal Circuit’s entrenched disagreement and predominant responsibilities reviewing different agencies, this division is unlikely to heal itself. This Court should intervene now to resolve this fragmentation on this important issue.

II. The decision below is wrong and signals to agencies that they may render inconsistent decisions without any guardrails.

An agency is not a goldfish: it is required to remember more than the last ten seconds. Reasoned decisionmaking requires that the agency acknowledge its own previous decisions in similar cases and stick by them unless and until it justifies a departure. That requirement has particular force when the agency makes inconsistent findings about the same facts—effectively saying “up” in one case and “down” in the next—without acknowledging a reversal.

1. By statute, the Federal Circuit, as the “reviewing court” of decisions of the Board, “shall ... hold unlawful and set aside agency action, findings, and conclusions found to be ... arbitrary [or] capricious.” 5 U.S.C. § 706(2)(A). And while administrative agencies are not barred from changing their views, they cannot render inconsistent decisions without acknowledging and explaining the disparate outcomes: an “unexplained inconsistency” in agency decision-making is a basis for deeming the agency’s decision “arbitrary and capricious.” *Encino Motorcars, LLC v. Navarro*, 579 U.S. 211, 222 (2016) (quoting *Nat’l Cable & Telecomms. Ass’n v. Brand X Internet Servs.*, 545 U.S. 967, 981 (2005)) (alteration omitted); *accord, e.g., FCC v. Fox Television Stations Inc.*, 556 U.S. 502, 1811 (2009) (“It would be arbitrary

or capricious to ignore” the fact that a new decision “rests upon factual findings that contradict those which underlay its prior [decision]”).

Here, both Wells Fargo and PNC claimed the ’571 and ’779 patents were obvious over a reference disclosing mobile remote check deposit—Acharya for PNC, and Nepomniachtchi for Wells Fargo—and a reference disclosing the automatic capture of the image of a business card when it satisfied an alignment guide—Luo for PNC, and Yoon for Wells Fargo. The Board concluded the patents were not obvious when Wells Fargo appeared before it. Pet.App.4a-5a. When PNC appeared before the agency, USAA flagged for the Board that PNC was raising the same arguments on substantively identical prior art as Wells Fargo and explained to the Board that it should therefore reach the same conclusion that it had before. *See, e.g.*, IPR No. 2021-01073, Paper No. 42, at 13-27 (P.T.A.B. June 1, 2022). Yet, the Board turned around and reached the precise opposite conclusion.

Rather than require the Board to provide a reasoned basis as to why it reached conflicting decisions on substantively identical prior art combinations, the Federal Circuit validated its decision to wipe the slate clean, “agree[ing] with the Board” that findings as to Wells Fargo’s references were not “applicable to other prior art references.” Pet.App.7a. The Federal Circuit allowed *ipse dixit* to suffice in place of any discussion of why the references differed substantively. And there was no substantive difference: PNC’s own expert had admitted that its references did not disclose anything that Wells Fargo’s did not. *See pp. 11-12, supra.*

At no point did the Federal Circuit ask whether the Board “reasonably explained” its inconsistent decision. In waving away the Board’s obligation to explain its flipflop, the Federal Circuit claimed the Board “did not understand the Wells Fargo IPR panel to have made general findings of teachings away that would be applicable to prior art references [Acharya and Luo] not asserted in that proceeding.” Pet.App.6a (alteration in original) (citation and quotation marks omitted). But whether Wells Fargo’s proffered art included general principles that taught away from their combination was never the issue—rather, the issue was that the prior art references Wells Fargo relied on were substantively identical to the references PNC used. And the Board’s failure to provide any reasoned explanation for why it so markedly departed from its decisions in *Wells Fargo* should have triggered the Federal Circuit’s obligation under the APA to set aside arbitrary and capricious agency decisions.

2. The Federal Circuit’s approach is particularly problematic because it signals to the Board and every other agency under the Federal Circuit’s purview that the agency need not fear meaningful judicial review of its inconsistent decisions so long as the agency points to some superficial difference. But like cases must be decided alike, and an agency flipflopping on the same issue on a materially indistinguishable record is the pinnacle of arbitrary and capricious decision-making, see *Grayscale*, 82 F.4th at 1245 (“[D]issimilar treatment of evidently identical cases is the quintessence of arbitrariness and caprice.” (citation and quotation marks omitted)).

Requiring agencies to “justify different results reached on similar facts,” particularly where those agencies render decisions “on a case-by-case basis,” is crucial to “lend[ing] predictability and intelligibility to agency actions, promot[ing] fair treatment, and facilitat[ing] judicial review.” *Grayscale*, 82 F.4th at 1245 (quoting *Balt. Gas & Elec. Co. v. FERC*, 954 F.3d 279, 286 (D.C. Cir. 2020)) (quotation marks omitted). Without a reasonable explanation for the inconsistent decision, parties are left on uncertain ground with no way of knowing whether an agency will decide their case in accordance with the agency’s own precedent or whether the outcome of their case depends entirely on “the composition of the [agency] panel which happens to hear the case.” *See Loc. 777*, 603 F.2d at 869-70.

Consistent with this Court’s precedent, as well as the D.C. Circuit’s, the Board was required to justify why it reversed positions in the face of PNC’s materially indistinguishable prior art. But the Federal Circuit’s decision to permit the Board to take conflicting positions on the same issue in substantively identical cases has signaled to the Board, every agency the Federal Circuit reviews, and all subject to these agencies’ decisions that consistency is no longer a requirement for agency decisions. In the Federal Circuit, except in disputes between the same parties, the “basic principle of justice that like cases should be decided alike” has no teeth.

III. This case provides an ideal vehicle to resolve the question presented.

The problem of multimember agencies rendering inconsistent decisions, and courts’ ability to check them under the APA, is a critical and recurring issue.

And one of the circuits in which this issue matters most, the Federal Circuit, has consistently and repeatedly informed the agencies it reviews that they need not justify their conflicting decisions as long as they point to an immaterial difference in the underlying cases. *See* pp. 19-22, *supra*. And here there is an explicit admission that the two cases have *no material* difference. *See* p. 11-12, *supra*.

The decision below encapsulates the Federal Circuit's hands-off approach to judicial review of inconsistent agency actions. The Federal Circuit showcased how its side of the circuit split leads to parties being deprived of meaningful judicial review. Despite the Board's complete failure to provide any explanation as to why it reached a different conclusion, the Federal Circuit remained silent. The court made no mention of, and certainly did not attempt to correct, the Board's decision to ignore its past decisions in *Wells Fargo* and reverse positions on a combination of references that is cosmetically different but substantively identical. This approach gives the Board and any agency falling within the Federal Circuit's exclusive jurisdiction unfettered discretion to examine the same set of underlying facts and reach contradictory decisions based on the whim of the reviewing agency panel. Unless this Court grants review, the Federal Circuit's abdication of its judicial review authority will continue to infect the agencies it purports to review, giving these agencies free rein where Congress has instead mandated judicial review.

The Federal Circuit was established to "provide nationwide uniformity in patent law, ... make litigation results more predictable and ... eliminate

the expensive and time-consuming forum shopping that characterize[d] litigation in the field.” 127 Cong. Rec. 27791 (1981) (statement of Rep. Kastenmeier). The decision below does no such thing: it promotes inconsistency in the Board’s decisions based on records that are substantively the same and renders agency decisions entirely unpredictable for litigants who can no longer count on the agency being required to justify its departures from precedent.

Since the PTAB first opened in September 2012, 11,272 patents have been the subject of a post-issuance administrative challenge. USPTO, *PTAB Trial Statistics: FY24 End of Year Outcome Roundup IPR, PGR* at 15, https://www.uspto.gov/sites/default/files/documents/ptab_aia_fy2024_roundup.pdf (last visited August 4, 2025). Of the thousands of challenges the PTAB receives, “the overwhelming majority are IPRs.” Cong. Rsch. Serv., *The Patent Trial and Appeal Board and Inter Partes Review* 17 (2024), <https://crsreports.congress.gov/product/pdf/R/R48016>. And of the patents that reach a final written IPR decision, the PTAB invalidates all challenged claims in as many as 70% of the reviewed patents and invalidates one or more challenged claims in approximately 86% of the reviewed patents.⁴ Even for

⁴ Stephen Schreiner, *The PTAB’s 70% All-Claims Invalidation Rate Continues to Be a Source of Concern*, IPWatchdog (Jan. 12, 2025), <https://ipwatchdog.com/2025/01/12/ptab-70-claims-invalidation-rate-continues-source-concern/>; Matthew G. Sipe, *Experts, Generalists, Laypeople – and the Federal Circuit*, 32 Harv. J.L. & Tech. 575, 581 (2019) (noting former Federal Circuit judge “once labeled the PTAB a patent ‘death squad,’ referring to the PTAB’s high invalidation rate: nearly 70% of all final written decisions in *inter partes* review invalidate the patent-at-issue in full and a

the few patents that emerge from these IPR proceedings unscathed, that victory is not guaranteed to be more than short-lived—many patents are challenged in multiple petitions over time. Schreiner, *supra* n.4; *see also* pp. 19-20, *supra*.

Unsurprisingly, given the Board’s practice of invalidating claims in the majority of the patents it reviews, a large number of Board decisions are appealed to the Federal Circuit. As of June 30, 2025, the Federal Circuit had more than 550 appeals from the PTO pending and another two hundred pending from other agencies. *See* U.S. Ct. of Appeals for the Fed. Cir., *Year-to-Date Activity as of June 30, 2025*, <https://www.cafc.uscourts.gov/wp-content/uploads/reports-stats/FY2025/FY2025YTDAActivity09.pdf> (last visited August 4, 2025). Whether the Federal Circuit requires these agencies to decide like cases alike has the potential to implicate significant swathes of these cases.

Absent this Court’s intervention, the Board and Federal Circuit’s decisions to give short shrift to the longstanding principle that agencies must treat similar cases similarly will continue to flout the APA’s directives and undermine predictability of agency actions.

further 16% invalidate at least some patent claims”); Josh Malone, *Assessing PTAB Invalidity Rates*, U.S. Inventor (July 15, 2022), <https://usinventor.org/assessing-ptab-invalidity-rates/> (concluding that “84% of patents that have been fully reviewed by the PTAB are found to be invalid”).

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

LISA GLASSER
ANTHONY ROWLES
STEPHEN PAYNE
IRELL & MANELLA LLP
840 Newport Center Dr.
Suite 400
Newport Beach, CA 92660

WILLIAM M. JAY
Counsel of Record
ROHINIYURIE TASHIMA
GOODWIN PROCTER LLP
1900 N Street, N.W.
Washington, D.C. 20036
wjay@goodwinlaw.com
(202) 346-4190

JASON SHEASBY
IRELL & MANELLA LLP
1800 Avenue of the Stars
Los Angeles, CA 90067

Counsel for Petitioner
United Services Automobile Association

August 5, 2025