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United States District Court  
Northern District of California

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

MITEK SYSTEMS, INC.,  
Plaintiff,  
v.  
UNITED SERVICES AUTOMOBILE  
ASSOCIATION,  
Defendant.

Case No. [19-cv-07223-EMC](#)

**ORDER GRANTING DEFENDANT’S  
MOTION TO TRANSFER; GRANTING  
DEFENDANT’S ADMINISTRATIVE  
MOTION FOR LEAVE TO FILE  
RESPONSE; AND OVERRULING  
PLAINTIFF’S OBJECTION TO REPLY  
EVIDENCE**

Docket Nos. 19, 28, 30

The instant case is a patent declaratory judgment action. Plaintiff Mitek Systems, Inc. seeks a declaration that it does not infringe four patents (the ‘779, ‘517, ‘090, and ‘571 patents) held by Defendant United States Automobile Association (“USAA”). Currently pending before the Court is USAA’s motion to dismiss for lack of subject matter jurisdiction – more specifically, on the basis that there is no case or controversy between the parties. In the alternative, USAA asks the Court to transfer the instant case to the Eastern District of Texas, where USAA previously filed a patent infringement lawsuit against Wells Fargo, one of Mitek’s main customers. That lawsuit (Case No. C-18-0245 JRG (E.D. Tex.)) involved the same patents at issue here. In November 2019, a jury verdict issued in the Texas case in USAA’s favor.

Having considered the parties’ briefs and accompanying submissions, the Court finds the matter suitable for disposition without oral argument. The Court **GRANTS** USAA’s motion to transfer. Because the Court is transferring the case, it does not rule on USAA’s motion to dismiss for lack of subject matter jurisdiction. USAA can renew that motion before the Texas court.

United States District Court  
Northern District of California

**I. FACTUAL & PROCEDURAL BACKGROUND**

The allegations in the complaint and the parties’ evidence submitted in conjunction with the pending motion reflect as follows.<sup>1</sup>

“USAA is a reciprocal inter-insurance exchange” based in San Antonio, Texas. Compl. ¶ 4. It owns four patents – namely, the ‘779, ‘517, ‘090, and ‘571 patents. See Compl. ¶ 1. The patents are all related to mobile check deposit technology.

Mitek is a software company based in San Diego, California. See Carnecchia Decl. ¶ 2; see also Compl. ¶ 3. It has a product called Mobile Deposit® which provides a “mobile remote deposit capture solution for retail financial institutions and brokerages.” Carnecchia Decl. ¶ 2. “More than 6,400 financial institutions have licensed [Mobile Deposit], including 99 of the top 100 banks in the United States.” Carnecchia Decl. ¶ 2.

Mitek also has a product called MiSnap™. MiSnap concerns automatic image capture technology. See Carnecchia Decl. ¶ 3; see also Compl. ¶¶ 3, 28 (alleging that MiSnap is “a remote image capture SDK [software development kit]” that enables “instant capture of quality images with a mobile or desktop device”). “Mitek partners with . . . financial service companies to help successfully integrate MiSnap™ into various financial institutions’ mobile check deposit applications.” Carnecchia Decl. ¶ 7. Mitek has licensed its MiSnap technology to various financial institutions, including but not limited to including Wells Fargo. See Carnecchia Decl. ¶ 8. The MiSnap technology is at issue in the instant case.

Starting in early 2017, USAA began to contact financial institutions regarding their mobile check deposit technology, indicating that their use of the technology violated USAA’s patent rights. See Compl. ¶ 8. USAA did so through a law firm based in Burlingame, California (named Epicenter Law, PC). USAA “sent over 1,000 patent licensing demand letters to financial institutions across the country, most of which are Mitek customers.” Compl. ¶ 8. According to Mitek, after USAA sent out its patent licensing demand letters, Mitek received demands for

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<sup>1</sup> Mitek has objected to evidence that USAA submitted in conjunction with its reply brief. The Court grants USAA’s motion to file a response to Mitek’s objection. The Court overrules Mitek’s

1 indemnification from its customers. *See* Compl. ¶ 13.

2 One of Mitek’s customers that received a demand letter from USAA was Wells Fargo. *See*  
 3 Compl. ¶ 9. Furthermore, in June 2018, USAA took additional action against Wells Fargo,  
 4 initiating a patent infringement suit against it in the Eastern District of Texas.<sup>2</sup> In the complaint it  
 5 filed in Texas, USAA referenced Mitek and its MiSnap technology. For example, USSA alleged  
 6 that:

- 7 • “[t]he claims of the patents in suit recite the essential elements of what the industry
- 8 term[s] auto-capture”;
- 9 • “[i]n 2014, Mitek published an article entitled ‘Mitek MiSnap™ Mobile Auto
- 10 Capture Improves Mobile Deposit® User Experience at Ten Leading Financial
- 11 Institutions”;
- 12 • Mitek provides Wells Fargo with its capture control software.

13 Compl., Ex. B (Texas Compl. ¶¶ 29, 36).

14 Not only was Mitek implicated in the Texas complaint but it was also brought into the  
 15 Texas litigation – *e.g.*, providing discovery as a third party. *See, e.g.*, Compl. ¶ 12 (alleging that  
 16 USAA “sought and received . . . documents and source code from Mitek and deposition testimony  
 17 from several Mitek witnesses regarding the operation of MiSnap™”); Stern Decl., Ex. 2 (notice of  
 18 subpoena, dated 5/16/2019, issued by USAA on Mitek in the Texas case). Also, both USAA and  
 19 Wells Fargo witnesses were asked and provided testimony about Mitek at trial. *See generally*  
 20 Opp’n at 4 (citing trial testimony).

21 Mitek did not initiate the current declaratory judgment action until after the jury trial had  
 22 already begun in the Texas case. In November 2019 – just a few days after Mitek filed the instant  
 23 case – the jury in the Texas case reached a verdict in favor of USAA, awarding it \$200 million.  
 24 *See* Glasser Decl., Ex. 6 (verdict form).

## 25 **II. DISCUSSION**

26 USAA has moved to dismiss for lack of subject matter jurisdiction and, in the alternative,

27

28 <sup>2</sup> According to Mitek, Wells Fargo is its only customer that USAA has sued as of date. *See* Opp’n

1 for a transfer to the Eastern District of Texas. Although USAA has moved to transfer in the  
2 alternative, the Court shall consider the transfer motion first because, if a transfer is in fact  
3 warranted, then the transferee court, and not this Court, should decide the merits of the motion to  
4 dismiss.

5 According to USAA, this Court should transfer this case to the Eastern District of Texas  
6 pursuant to 28 U.S.C. § 1404(a). Section 1404(a) provides: “For the convenience of parties and  
7 witnesses, in the interest of justice, a district court may transfer any civil action to any other  
8 district or division where it might have been brought or to any district or division to which all  
9 parties have consented.”<sup>3</sup> 28 U.S.C. § 1404(a). USAA contends that a transfer to the Eastern  
10 District of Texas is appropriate because that is where it sued Wells Fargo – one of Mitek’s main  
11 customers – for patent infringement based on the same patents at issue here.

12 1. Whether Action Could Have Been Brought in the Eastern District of Texas

13 In deciding whether to transfer, the Court must first determine whether Mitek could have  
14 filed the instant case in the Eastern District of Texas. Whether the action could have been brought  
15 in the Eastern District of Texas turns on 28 U.S.C. § 1391, the venue statute. Section 1391(b)(1)  
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17 <sup>3</sup> The Court notes that it asked the parties to provide supplemental briefing as to whether the  
18 Northern District of California is even a proper venue in the first place. If not, then any transfer  
19 would need to be made pursuant to 28 U.S.C. § 1406(a) instead of § 1404(a).

20 Having reviewed the parties’ supplemental briefs, the Court agrees with Mitek that USAA  
21 has waived any argument of improper venue. The Court also notes that venue appears to be  
22 proper given that USAA did not contest that it is subject to personal jurisdiction in the Northern  
23 District of California. *See* 28 U.S.C. § 1391(b)(1) (providing that a civil action may be brought in a  
24 judicial district in which the defendant resides, and a defendant’s residence is defined in §  
25 1391(c)(1) as a judicial district in which the defendant is subject to personal jurisdiction); *see also*  
26 *Ward v. Certain Underwriters at Lloyd's of London*, No. 18-cv-07551-JCS, 2019 U.S. Dist.  
LEXIS 79664, at \*10-11 (N.D. Cal. May 10, 2019) (“[T]he Court has personal jurisdiction over  
27 Defendants based on waiver and consent, even if for no other reason. As far as this Court is  
28 aware, every court to consider the issue has held that personal jurisdiction even based on waiver is  
sufficient to establish ‘residency’ for the purpose of § 1391(c)(2).”); *AT&T Corp. v. Teliix, Inc.*,  
No. 16-cv-01914-WHO, 2016 U.S. Dist. LEXIS 106515, at \*5 (N.D. Cal. Aug. 11, 2016) (“[I]f an  
entity defendant waives its right to object to personal jurisdiction, it has ipso facto consented to  
venue under [28. U.S.C. § 1391].”) (internal quotation marks omitted).

29 Because venue is proper under § 1391(b)(1), the Court does not address whether venue  
could also be proper under § 1392(b)(2). *See* 28 U.S.C. § 1391(b)(2) (providing that a civil action  
may be brought in “a judicial district in which a substantial part of the events or omissions giving

1 provides that a civil action may be brought in “a judicial district in which any defendant resides.”  
2 28 U.S.C. § 1391(b)(1).

3 Here, Mitek argues that USAA cannot rely on § 1391(b)(1) to establish the Eastern District  
4 of Texas as a viable forum because USAA resides in the Western District of Texas, and not the  
5 Eastern District. In response, USAA disputes that it resides only in the Western District of Texas,  
6 where San Antonio is located. USAA notes that an entity with the capacity to be sued (whether or  
7 not incorporated) as a defendant is deemed to reside “in any judicial district in which [it] is subject  
8 to the court’s personal jurisdiction with respect to the civil action in question,” 28 U.S.C. §  
9 1391(c)(2); if a state has more than one judicial district, the “corporation shall be deemed to reside  
10 in any district in that State within which its contacts would be sufficient to subject it to personal  
11 jurisdiction if that district were a separate State.” *Id.* § 1391(d). According to USAA, this means  
12 that it can be sued not only in the Western District of Texas, but also the Eastern District. USAA  
13 has submitted a declaration from its Vice President for Distributed Infrastructure Services, which  
14 states that:

- 15 • “USAA maintains eight offices throughout the State of Texas”;
- 16 • “USAA’s Chief Technology and Design Office is located in Plano, Texas,” which  
17 is based in the Eastern District;
- 18 • “USAA has operated out of its Plano campus since 2013”;
- 19 • “[USAA’s Plano campus has] over 800 USAA employees.”

20 Parks Decl. ¶ 4-6 (also testifying that “USAA has a large IT infrastructure [that] operate[s] out of  
21 its Plano, Texas office”). The above sufficiently establishes general jurisdiction in the Eastern  
22 District.

23 In response, Mitek primarily objects to the Parks declaration because it was submitted for  
24 the first time in reply. But this objection does not have merit given that USAA did argue in its  
25 motion that the instant lawsuit could have been brought in the Eastern District based on personal  
26 jurisdiction, *see* Mot. at 15, and it does not appear to be any secret as to where USAA has offices.

27 Therefore, the instant action could have been brought in the Eastern District of Texas

28 comment to § 1391(b)(1)

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