

**United States Court of Appeals
for the Federal Circuit**

MITEK SYSTEMS, INC.,
Plaintiff-Appellant

v.

UNITED SERVICES AUTOMOBILE ASSOCIATION,
Defendant-Appellee

2021-1989

Appeal from the United States District Court for the Eastern District of Texas in No. 2:20-cv-00115-JRG, Chief Judge J. Rodney Gilstrap.

Decided: May 20, 2022

BRIAN MACK, Quinn Emanuel Urquhart & Sullivan, LLP, San Francisco, CA, argued for plaintiff-appellant. Also represented by DAVID EISEMAN, IV.

LISA GLASSER, Irell & Manella LLP, Newport Beach, CA, argued for defendant-appellee. Also represented by MICHAEL DAVID HARBOUR, JASON SHEASBY, Los Angeles, CA.

Before DYK, TARANTO, and CUNNINGHAM, *Circuit Judges*.

TARANTO, *Circuit Judge*.

In November 2019, Mitek Systems, Inc. brought suit in the United States District Court for the Northern District of California against United Services Automobile Association (USAA). It sought a declaratory judgment, under the Declaratory Judgment Act, 28 U.S.C. § 2201(a), that Mitek and its customers have not infringed, either directly or indirectly, any valid and enforceable claim of USAA's U.S. Patent Nos. 8,699,779, 9,336,517, 8,977,571, and 9,818,090 (hereinafter referred to as the patents-in-suit). In response, USAA filed a motion making two requests. It sought dismissal of the complaint on the grounds that there was no case or controversy between USAA and Mitek as required by Article III of the Constitution, so the case should be dismissed under Federal Rule of Civil Procedure 12(b)(1) for lack of subject-matter jurisdiction, and in any event, the court should exercise discretion not to hear Mitek's claim for declaratory relief. In the alternative, USAA requested transfer of the action to the United States District Court for the Eastern District of Texas pursuant to 28 U.S.C. § 1404.

In April 2020, the California court, without ruling on the dismissal part of the motion, ordered the case transferred to the Texas forum. *Mitek Systems, Inc. v. United Services Automobile Association*, No. 19-cv-07223, 2020 WL 1922635 (N.D. Cal. Apr. 21, 2020) (*Transfer Order*). In April 2021, the Texas court dismissed for want of a case or controversy and stated that, even if jurisdiction existed, it would exercise its discretion to decline to entertain the declaratory-judgment action. Order, *Mitek Systems, Inc. v. United Services Automobile Association*, No. 2:20-cv-00115 (E.D. Tex. Apr. 28, 2021), ECF No. 69 (*Dismissal Order*); see also J.A. 11–19. On Mitek's appeal, we vacate the Texas court's dismissal and remand for further proceedings. The remand is to the Texas court because we affirm the California court's transfer order.

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I

A

USAA, a reciprocal inter-insurance exchange, is organized under Texas law and has its principal place of business in San Antonio, Texas. USAA owns the four patents-in-suit, all of which address the use of a mobile device to capture an image of a bank check and to transmit it for deposit. The related '779 and '517 patents describe an “alignment guide . . . in the field of view of a camera associated with a mobile device used to capture an image of a check.” '779 patent, col. 1, lines 40–42; '517 patent, col. 1, lines 51–53. “When the image of the check is within the alignment guide in the field of view, an image may be taken by the camera and provided from the mobile device to a financial institution.” '779 patent, col. 1, lines 42–45; '517 patent, col. 1, lines 53–56. Similarly, the related '571 and '090 patents describe “[t]he monitoring” of an image of a check that is in the field of view of the camera, which “may be performed by the camera, the mobile device and/or financial institution that is in communication with the mobile device.” '571 patent, col. 1, lines 38–43; '090 patent, col. 1, lines 51–56. “When the image of the check in the field of view passes monitoring criteria,” such as criteria for proper lighting or framing, “an image may be taken by the camera and provided from the mobile device to a financial institution.” '571 patent, col. 1, lines 43–46; *id.*, col. 3, lines 58–61; '090 patent, col. 1, lines 56–59; *id.*, col. 4, lines 10–13.

For the purposes of this appeal, Mitek deemed claim 1 of the '779 patent to be representative, which recites:

1. A system for depositing a check, comprising:
a mobile device having a camera, a display and a processor, wherein the processor is configured to:

project an alignment guide in the display of
the mobile device, the display of the mobile

device displaying a field of view of the camera;

monitor an image of the check that is within the field of view;

determine whether the image of the check aligns with the alignment guide;

automatically capture the image of the check when the image of the check is determined to align with the alignment guide; and

transmit the captured image of the check from the camera to a depository via a communication pathway between the mobile device and the depository.

'779 patent, col. 18, lines 36–51.

B

Mitek is a Delaware corporation and has its headquarters and principal place of business in San Diego, California.¹ Mitek created software for mobile check capture that provides “automatic image capture technology,” J.A. 494 (Carnecchia Decl. ¶ 3) (capitalization altered), which enables the “instant capture of quality images with a mobile or desktop device,” J.A. 36 (Compl. ¶ 28). It licenses the software, through a product it calls MiSnap™, in the form of a development kit to financial institutions, often indirectly through third-party providers of services to such

¹ We recite facts from the complaint and from additional evidence submitted in the district court—without endorsing the assertions of fact—that play roles in the disposition of the motions at issue discussed later in this opinion.

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institutions. J.A. 29, 36 (Compl. ¶¶ 3, 28); J.A. 494–96 (Carnecchia Decl. ¶¶ 2–7).

Mitek alleges that, in early 2017, USAA (through its attorneys at Epicenter Law, based in Burlingame, California) began sending licensing letters to financial institutions, including Mitek customers. J.A. 29–30 (Compl. ¶ 8). After a Mitek customer, Wells Fargo Bank (headquartered in San Francisco), received its letter from USAA, USAA and Wells Fargo held discussions in May and June of 2018. J.A. 30 (Compl. ¶¶ 9–10). But in June 2018, USAA sued Wells Fargo for infringement of the patents-in-suit in the Eastern District of Texas. *See* Complaint, *United Services Automobile Association v. Wells Fargo Bank, N.A.*, No. 2:18-cv-00245 (E.D. Tex. June 7, 2018), ECF No. 1. In its First Amended Complaint against Wells Fargo, USAA mentioned Mitek and/or MiSnap™ at least twice. J.A. 93–95 (First Am. Compl. ¶¶ 29, 36). As the case progressed, USAA served Mitek with a subpoena pursuant to Federal Rules of Civil Procedure 26, 34, and 45 and obtained documents, source code, and testimony from Mitek regarding the operation of MiSnap™. J.A. 633–57. The case went to trial on October 30, 2019, on two of the four patents-in-suit (the ’571 and ’090 patents), and Mitek and its product were frequently mentioned in the litigation of USAA’s infringement charge. *E.g.*, J.A. 515–17; J.A. 686; J.A. 720–23.

On November 1, 2019, the third day of the Wells Fargo trial, Mitek filed a complaint against USAA in the Northern District of California, seeking a declaratory judgment that “Mitek and its customers have not infringed, either directly or indirectly, any valid and enforceable claim” of any of the patents-in-suit. J.A. 38–42 (Compl. ¶¶ 35–58, Prayer for Relief A–D). In the section of this declaratory-judgment complaint addressing jurisdiction, Mitek made a number of allegations.

First, Mitek alleged that USAA “sent over 1,000 patent licensing demand letters to financial [institutions] across

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