

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

UNITED SERVICES AUTOMOBILE
ASSOCIATION, a Texas reciprocal
inter-insurance exchange,

Plaintiff,

VS.

TRUIST BANK,

Defendant.

Civil Action No. 2:22-cv-00291

JURY TRIAL DEMANDED

USAA'S MOTION FOR LEAVE TO FILE FIRST AMENDED COMPLAINT

I. INTRODUCTION

United Services Automobile Association (“USAA”) respectfully moves for leave to file a First Amended Complaint asserting claims for infringement of U.S. Patent No. 11,544,944 (“the ’944 Patent”), which is related to two of the currently-asserted patents. The ’944 Patent issued during this litigation on January 3, 2023. In February 2023, Truist released a new version of the Truist Mobile App that it contends is a non-infringing alternative to the existing Asserted Patents. USAA now moves for leave to assert the ’944 Patent to further address Truist’s infringement, specifically including infringement of Truist’s February 2023 version of the accused Truist Mobile App.

There is no Rule 15 basis to oppose amendment. To the contrary, because of Truist’s decision to release an allegedly new version of the Truist Mobile App seven months into this litigation and claim it is a “non-infringing alternative,” the ’944 Patent will be part of this case even absent amendment.¹ There is no reason that USAA should not be permitted to add its claim for infringement of the ’944 Patent to the complaint, as opposed to filing it in a separate case.

Nonetheless, Truist stated that it would oppose amendment unless USAA agreed to permit Truist to assert as part of this case four patents that Truist purchased in October 2022. Truist’s attempt to hold USAA’s amendment hostage to its demand to inject unrelated patents in the case is totally improper. None of the patents that Truist purchased relate to the asserted USAA patents, the accused Truist product (Truist has represented it does not practice the patents it purchased), or the witnesses who would otherwise testify in the case (instead they would involve numerous third parties including

¹ An alleged alternative that is covered by other patents is not “available” and thus not a “non-infringing alternative” under Federal Circuit precedent. *See, e.g., AstraZeneca AB v. Apotex Corp.*, 782 F.3d 1324, 1340-41 (Fed. Cir. 2015) (alleged non-infringing alternative not “available” because it would infringe third party patents); *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1578 (Fed. Cir. 1989) (absence of non-infringing alternatives established where defendants “were likely infringers of one or the other of State’s patents”). Thus, even if the February 2023 version did not continue to infringe the Asserted Patents (and it does), infringement of the ’944 Patent would mean it is not a non-infringing alternative.

three foreign inventors in China). The obvious purpose of Truist purchasing these patents and now seeking to add them to the case is not to create efficiency, as USAA's amendment will, but the opposite: to disrupt and delay these proceedings, and ultimately to attempt to confuse the jury by bombarding them with multiple unrelated patents, witnesses, and technologies.

USAA therefore files this motion opposed. Pursuant to Local Rule CV-7(k), USAA is filing its proposed First Amended Complaint separately on the docket immediately after this motion.

II. BACKGROUND

USAA filed this case on July 29, 2022, asserting infringement of U.S. Patent Nos. 10,482,432 (the "'432 Patent"), 11,182,753 (the "'753 Patent"), and 9,818,090 (the "'090 Patent"). Dkt. 1.

On January 3, 2023, the Patent Office issued the '944 Patent. The '944 Patent is part of USAA's foundational 2006 MRDC patent family and claims priority to application No. 11/590,974, filed on October 31, 2006. The '944 Patent is expressly related to the currently asserted '432 and '753 Patents. For example, the '753 Patent states on its face that it is "related by subject matter to . . . patent application Ser. No. 11/590,974, also entitled 'Systems and Methods for Remote Deposit of Checks,'" the parent of the '944 Patent. Dkt. 1-3.

On February 10, 2023, Truist served an Interrogatory response [REDACTED]

[REDACTED] *Id.* To date, Truist still has not disclosed the basis for its contention that version 2.3.0 is "non-infringing," or identified any design change that it contends renders version 2.3.0 non-infringing. Truist likewise has not produced documentation regarding 2.3.0 and has produced only incomplete source code.

Notwithstanding Truist's delay in providing discovery regarding version 2.3.0, USAA promptly investigated the public information about the release and determined that Truist's newly

released version infringes the '944 Patent.² USAA then promptly contacted Truist to inform it of the motion for leave on March 7, 2023.

Late in the evening on Friday, March 10, Truist informed USAA that it would require USAA to file its motion opposed unless USAA agreed to Truist asserting as part of this case the four unrelated patents that Truist purchased during this litigation. Because that position is completely inappropriate, and as discussed further herein adding the unrelated Truist patents would significantly disrupt the administration of this case, confuse the jury, and prejudice USAA, USAA files this motion as opposed.

III. ARGUMENT

Federal Rule of Civil Procedure 15(a) provides that “The court should freely give leave [to amend] when justice so requires.” “A district court reviewing a motion to amend pleadings under Rule 15(a) considers five factors: (1) undue delay; (2) bad faith or dilatory motive; (3) repeated failure to cure deficiencies by previous amendments; (4) undue prejudice to the opposing party; and (5) futility of amendment.” *R2 Solutions LLC v. Deezer, S.A.*, 2022 WL 657963, at *1 (E.D. Tex. Mar. 4, 2022) (citing *Smith v. EMC*, 393 F.3d 590, 595 (5th Cir. 2004)). All of these factors favor amendment here.

A. USAA Promptly Filed this Amendment

There is no undue delay or bad faith in USAA’s Amendment. To the contrary, USAA acted expeditiously to amend its complaint after the '944 Patent issued and Truist disclosed version 2.3.0. As discussed above, the '944 Patent issued in January 2023. Truist first disclosed version 2.3.0 to USAA on February 10, 2023 and asserted that Truist would argue that it was a non-infringing alternative. USAA immediately conducted an investigation (despite being provided no information by Truist beyond the bare assertion that version 2.3.0 was “non-infringing”) and then, on March 7, 2023, less than one month later, advised Truist of the amendment. This is the opposite of undue delay. *See*,

² USAA is also serving supplemental infringement contentions addressing infringement of version 2.3.0 by current Asserted Patents pursuant to Paragraph 3(a)(i) of the Discovery Order.

e.g., *Hillman Grp. Inc. v. Keyme, LLC*, 2020 WL 6938441, at *2 (E.D. Tex. Oct. 23, 2020) (granting leave to amend to assert additional patent that issued after case was filed, because patentee “could not have so moved” sooner); *Tinnus Enters., LLC v. Telebrands Corp.*, 2016 WL 9244673, at *2 (E.D. Tex. Jan. 27, 2016) (granting motion for leave to amend complaint to accuse re-designed product).

B. There Have Been No Previous Amendments

USAA has not previously amended its complaint. Accordingly, there are no failures to cure deficiencies by previous amendments.

C. There is No Undue Prejudice to Truist

Granting leave to amend will not unduly prejudice Truist. As discussed above, the ’944 Patent is related to the currently-asserted ’432 and ’753 Patents and is asserted against the same accused product (Truist Mobile Deposit).

Adding the ’944 Patent to the case therefore does not expand the substantive scope or subject matter of the case. To the contrary, as a result of Truist’s strategy to release its February 2023 version seven months into the case and claim it is a “non-infringing alternative,” the ’944 Patent will be part of this case even absent amendment. A proposed alternative that is covered by other patents is not “available” and thus not an available “non-infringing alternative” for purposes of damages. *See, e.g.*, *Astrazeneca AB v. Apotex Corp.*, 782 F.3d 1324, 1340-41 (Fed. Cir. 2015) (alleged non-infringing alternative not “available” because it would infringe third party patents); *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1578 (Fed. Cir. 1989) (absence of non-infringing alternatives established where defendants “were likely infringers of one or the other of State’s patents”); *United Services Automobile Association v. PNC Bank, N.A.*, 2022 WL 1453204, at *6 (E.D. Tex. Apr. 17, 2022) (“The Court agrees with USAA’s proposition that a proposed alternative ‘that is covered’ by patents outside the lawsuit (even though the alternative does not infringe the asserted patents) could therefore be ‘unavailable.’”). Thus, even if the February 2023 version did not continue to infringe the currently

asserted patents (and it does), its infringement of the '944 Patent would mean it is not a non-infringing alternative.

In short, USAA's claims for infringement of the '944 Patent will cause no prejudice to Truist, much less undue prejudice. To the contrary, USAA necessarily must have the ability to fully respond to Truist's allegation that it has "designed around" any of the USAA patents.

This Court's experience in the *PNC* litigation confirms it is feasible and efficient to litigate related patents from USAA's 2006 Patent family as part of the same case. For example, the first *PNC* case involved four 2006 Patents, three of which were tried to the jury (the '681, '605, and '432 Patents). *USAA v. PNC*, Case No. 2:20-cv-319, Dkt. 710 (Jury Verdict). Two of those patents, the '681 and '605 Patents, were added to the case ten months after it was filed, but were nonetheless litigated without any issues, due to the closely related subject matter just as here. -319 Dkt. 144 at 2.

Further, there is no reason that the '944 Patent cannot be litigated on the existing case schedule. The patents are closely related, the accused system is the same, the *Markman* hearing is not until September 1, 2023, and discovery does not close until October 23, 2023. Dkt. 43. USAA will serve detailed preliminary infringement contentions shortly after filing this motion. The Parties can set a date for Truist to serve invalidity contentions. However, given the relation of the '944 Patent to the existing USAA Asserted Patents, preparing contentions for one additional related patent will not impose any significant additional burden on Truist. Litigating the '944 Patent as part of this case will be far more efficient for both the parties and the Court than USAA filing a separate lawsuit.

Truist has not identified any alleged prejudice from adding the '944 Patent, much less any undue prejudice. Instead, Truist simply demands that if the '944 Patent is asserted, it should be permitted to inject four unrelated counterclaim patents into the case. Truist's withholding of its consent to amendment on this basis is pure gamesmanship, as the purpose and effect of adding the '944 Patent is completely different from the purpose and effect of adding four unrelated patents that

Truist purchased during the litigation.

USAA is seeking to add a closely-related patent that just issued and is directly responsive to Truist's alleged re-design disclosed seven months into the litigation. Truist, in contrast, is not seeking to address any issue already in the case. Rather, it is seeking to disrupt USAA's affirmative case, create jury confusion, and impede the efficient administration of these proceedings. Specifically, Truist purchased during this litigation, in October 2022, four entirely unrelated patents that issued years ago, for no reason other than this litigation. Truist does not contend that it has ever practiced any of them. Dkt. 64-3 at 7. The patents do not address mobile deposit (but rather redacting credit card numbers, general skew techniques, and other unrelated issues). *See generally* Dkt. 60, 64. Truist's purchased patents also implicate a host of other case management issues, including the fact that none of the inventors are witnesses on any other issue in the case, and at least three of them reside in China. *Id.*

Truist is employing a strategy similar to, but even more blatant than, the strategy that PNC Bank, N.A. ("PNC") used in previous litigation involving infringement of related USAA MRDC patents (the "PNC Litigation"). *See USAA v. PNC*, Case No. 2:20-cv-00319-JRG. In the PNC Litigation, PNC asserted counterclaims for patent infringement against USAA to obfuscate USAA's affirmative case. Ultimately, PNC dropped two of the four PNC patents, which the Court found were directed to abstract ideas under *Alice* Step 1. *See United Services Automobile Association v. PNC Bank, N.A.*, 2021 WL 5395883, at *4, *6-7 (E.D. Tex. Nov. 18, 2021) ("the Court finds the '754 Patent and '623 Patent are each directed to an abstract idea under *Alice* step one."). The other two PNC patents were found non-infringed by the jury, and then subsequently also invalidated. The PTAB entered Final Written Decisions invalidating all PNC claims in January (and PNC did not appeal). *See United Services Automobile Association v. PNC Bank, N.A.*, IPR2021-01163, Final Written Decision, Paper 30 (P.T.A.B. Jan. 3, 2023); *United Services Automobile Association v. PNC Bank, N.A.*, IPR2021-01248, Final Written Decision, Paper 27 (P.T.A.B. Jan. 3, 2023).

But before the PNC counterclaims were ultimately determined to be without merit for multiple reasons, USAA requested and this Court properly granted a motion to sever them, finding “that severance of the trials is proper and in the interest of justice,” “[c]onsidering little technological overlap, little witness overlap, and the benefits of reduced risk of jury confusion.” *USAA v. PNC*, Case No. 2:20-cv-00319-JRG, Dkt. 515 at 2; Dkt. 537. This Court recognized that should the “patent infringement claims be tried together there is a strong likelihood the parties’ respective patent rights may be prejudiced” because “[e]xpanding the scope of the technologies presented to the jury adds unnecessary complexity to an already complex matter, thereby increasing the risk of jury confusion.” *USAA v. PNC*, Case No. 2:20-cv-00319-JRG, Dkt. 515 at 1–2. Here, Truist’s strategy is even more blatantly prejudicial and confusing. Whereas PNC owned its patents and argued there was some overlap in the issues since the inventors worked for PNC and PNC contended it used some of the alleged inventions, here Truist does not even attempt to argue any such connection. It simply went out and purchased indisputably unrelated patents and now seeks to inject them into the case.

In sum, Truist’s attempt to block the amendment to add the ’944 Patent based on its own desire to improperly inject unrelated patents into the proceedings is not a good faith basis to oppose amendment.

D. The Amendment is Not Futile

USAA’s amendment is not futile. USAA provided an advance copy of its proposed First Amended Complaint to Truist, and Truist did not argue that it is deficient in any respect. The allegations of infringement of the ’944 Patent are pleaded in a manner substantially similar to USAA’s allegations of infringement for the existing USAA Asserted Patents. Notably, Truist did not even attempt to move to dismiss USAA’s original complaint or argue it was in any respect deficient.

IV. CONCLUSION

For the foregoing reasons, USAA respectfully requests that the Court grant its motion for

leave to file the First Amended Complaint.

Dated: March 13, 2023

Respectfully submitted,

/s/ Robert Christopher Bunt

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ATTORNEYS FOR PLAINTIFF USAA

CERTIFICATE OF SERVICE

I hereby certify that, on March 13, 2023 a copy of the foregoing was served to all counsel of record via email.

/s/ Robert Christopher Bunt

Robert Christopher Bunt

CERTIFICATE OF AUTHORIZATION TO FILE UNDER SEAL

I hereby certify that the foregoing document is authorized to be filed under seal pursuant to the Protective Order Dkt. 52 entered in this case.

/s/ Robert Christopher Bunt

Robert Christopher Bunt

CERTIFICATE OF CONFERENCE

I hereby certify that counsel for USAA Chris Bunt and counsel for Truist Deron Dacus met and conferred on March 7, with subsequent correspondence by counsel for USAA Lisa Glasser and counsel for Truist Sharon Goswami on March 9-10. The Parties were not able to reach agreement for the reasons discussed herein and are at impasse. Truist opposes the motion.

/s/ Robert Christopher Bunt

Robert Christopher Bunt