

In The
United States Court of Appeals
For The Federal Circuit

KANNUU PTY LTD.,

Plaintiff – Appellant,

v.

**SAMSUNG ELECTRONICS CO., LTD.,
SAMSUNG ELECTRONICS AMERICA, INC.,**

Defendants – Appellees.

**APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK
IN NO. 1:19-cv-04297-ER, JUDGE EDGARDO RAMOS.**

BRIEF OF APPELLANT

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**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

CERTIFICATE OF INTEREST

Case Number 21-1638

Short Case Caption Kannuu Pty. Ltd. v. Samsung Electronics Co., Ltd.

Filing Party/Entity Kannuu Pty. Ltd.

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Date: 03/09/2021

Signature: /s/Lewis E. Hudnell, III

Name: Lewis E. Hudnell, III

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<p>Kannuu Pty. Ltd.</p>	<p>Kannuu Pty. Ltd.</p>	

Additional pages attached

4. Legal Representatives. List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

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Samsung Electronics America, Inc. v. Kannuu Pty, Ltd. IPR2020-00737 (PTAB)	Samsung Electronics America, Inc. v. Kannuu Pty, Ltd. IPR2020-00738 (PTAB)	

6. Organizational Victims and Bankruptcy Cases. Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

None/Not Applicable Additional pages attached

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TABLE OF ABBREVIATIONS

Abbreviation	Term
Kannuu	Plaintiff-Appellant Kannuu Pty. Ltd.
Samsung	Defendants-Appellees Samsung Electronics Co., Ltd. and Samsung Electronics America, Inc.
The '264 patent	U.S. Patent No. 9,697,264
The '354 patent	U.S. Patent No. 9,436,354
The '393 patent	U.S. Patent No. 8,370,393
The '579 patent	U.S. Patent No. 8,996,579
The '852 patent	U.S. Patent No. 8,676,852
The patents-in-suit	The '264, '354, '393, '579, and '852 patents
PTAB or the Board	Patent Trial and Appeal Board
IPR	<i>Inter Partes</i> Review
'354 and '393 IPRs or the IPRs	<i>Samsung Electronics America, Inc. v. Kannuu Pty., Ltd.</i> , IPR2020-00737 (PTAB) concerning the '354 patent and <i>Samsung Electronics America, Inc. v. Kannuu Pty., Ltd.</i> , IPR2020-00738 (PTAB) concerning the '393 patent
AIA	America Invents Act
ITC	International Trade Commission
NDA	Non-Disclosure Agreement

FSC	Forum selection clause of Samsung's standard NDA (included in the April 5, 2012 Mutual Non-Disclosure Agreement between Kannuu and Samsung Electronics America, Inc. and Samsung's NDA with NuCurrent)
USPTO	United States Patent and Trademark Office
SDNY	Southern District of New York
EDTX	Eastern District of Texas
CDCAL	Central District of California

STATEMENT OF RELATED CASES

Under Federal Circuit Rule 47.5(a), Kannuu states that it filed this appeal in Civil Action No. 1:19-cv-04297-ER (S.D.N.Y.) on February 8, 2021, which was docketed as Case No. 21-1638. There have been no other appeals in this civil action before this Court or any other appellate court. Under Federal Circuit Rule 47.5(b), Kannuu further states that this Court's decision in the pending appeal will directly affect the following IPR proceedings:

Samsung Electronics America, Inc. v. Kannuu Pty., Ltd., IPR2020-00737 (PTAB); and

Samsung Electronics America, Inc. v. Kannuu Pty., Ltd., IPR2020-00738 (PTAB).

JURISDICTIONAL STATEMENT

This Court has jurisdiction under 28 U.S.C. §§ 1292(c)(1) and 1295(a)(1). The district court had jurisdiction under 28 U.S.C. §§ 1331 and 1338(a). The district court entered an Order denying Kannuu’s Motion for Preliminary Injunction on January 19, 2021. Appx1-23. Kannuu timely noticed this appeal on February 8, 2021. Appx3607. The Order appealed from is not final but is appealable under 28 U.S.C. § 1292(a)(1).

STATEMENT OF THE ISSUES

This appeal raises the following issues:

1. Whether in the instant action, the validity challenges brought by Samsung in the PTAB fall under the forum selection clause (“FSC”) of the parties’ NDA because the validity challenges “relate to” the discussions that the parties had under the NDA given that it is undisputed that the clause must be interpreted broadly under New York law, one of the issues in the IPRs is whether Samsung copied information that Kannuu shared with Samsung under the NDAs, and the parties’ discussions under the NDA concerned whether Samsung needed a license to the patents at issue in the IPRs.
2. Whether public policy allows private parties to contractually agree to restrict the forum for disputes about patent validity to an Article III court rather than keeping open the option of the PTAB as an alternative forum.

3. Whether this Court should remand with instructions to enter the injunction rather than merely remanding with instructions to reconsider the four factors given that none of the factors can possibly favor Samsung.

STATEMENT OF THE CASE

On April 5, 2012, Kannuu and Samsung Electronics America executed an NDA for the purpose of sharing confidential information to explore a potential license to Kannuu's proprietary and patented K-Nav navigation and search technology, and to protect the confidential information from unauthorized disclosure and use, including by Samsung. Appx442-446. Specifically, the NDA precluded the use of "Confidential Information for any purpose except for the Business Purpose" for a period of five years. Appx443, ¶3. The NDA contained an FSC that required that any disputes that arise out of the NDA or transactions contemplated by the NDA must be brought in New York courts (and those courts alone):

Any legal action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby must be instituted exclusively in a court of competent jurisdiction, federal or state, located within the Borough of Manhattan, City of New York, State of New York and in no other jurisdiction. Appx445, ¶15.

Under the NDA, Kannuu shared with Samsung information about its patent portfolio (which included patent applications that led to the patents at issue in the IPRs), gave Samsung detailed, confidential technical information about K-Nav and related Kannuu technologies, answered technical questions from Samsung engineers

on how to integrate Kannuu's technology into technology platforms for Samsung's Smart TVs and Blu-Ray players, made presentations, gave demonstrations, and delivered proof-of-concept demonstration platforms to Samsung. Appx2165, ¶4. For example, on March 8, 2013, Kannuu delivered a specific proof-of-concept build to Samsung Electronics Korea's headquarters in Seoul, Korea for Samsung Electronics Korea to run on its 2012 Smart TV platform. Appx2165-2166, ¶5.

After well over a year of highly detailed technology presentations and information transfers from Kannuu to Samsung in both the United States and South Korea regarding Kannuu's patented technology at issue in this case, Samsung informed Kannuu in an email dated July 1, 2013, that Samsung supposedly was no longer interested in integrating Kannuu's technology into Samsung's devices. Appx2166, ¶6. Unbeknownst to Kannuu at the time, after Samsung terminated discussions based on an alleged lack of interest, Samsung continued to access Kannuu's proprietary technology after July 1, 2013. *Id.*, ¶7. In fact, on July 8, 2013, Samsung remotely accessed Kannuu's proof-of-concept build (on Kannuu's server) over 2,500 times. *Id.*, ¶8. Soon thereafter Samsung incorporated the technology into its Smart TVs. Appx252-254, ¶¶71-74.

After learning that Samsung had gone ahead and incorporated Kannuu's technology into Samsung's products without Kannuu's permission, Kannuu made further attempts to persuade Samsung to take a license to Kannuu's patents. For

example, on August 27, 2013, Kannuu informed Samsung executives in San Jose during an “IP (patent) Overview” that the ’393 patent is a “key patent grant” covering the “up, down, left, right” functionality that was at the heart of the Kannuu-Samsung licensing discussions. Appx252, ¶61. Additionally, Kannuu provided a description to Samsung executives of four families of patents and pending applications, specifically describing the technology and features the patents and applications covered. *Id.* at ¶64. On November 14, 2013, Kannuu held its last meeting with Samsung to try to reach agreement as to a patent license. Appx253, ¶70. Samsung refused to take a license to the patents. *Id.* Notably, the NDA was still in effect at that time and all of those communications were covered by the NDA.

On May 10, 2019, Kannuu filed a complaint for patent infringement against Samsung in the SDNY. Appx38. The Complaint alleged that various Samsung Smart TVs (and Blu-Ray DVD players) incorporate Kannuu’s technology claimed in, or that can be used to perform methods claimed in, four Kannuu patents: the ’393 patent; the ’852 patent; the ’354 patent; and the ’264 patent. Appx50, ¶34; *see also* Appx253-254, ¶¶73-74. The Complaint also alleges that Samsung deliberately copied each and every claim limitation of at least claim 1 of the ’393 patent, and committed willful infringement of all of the patents-in-suit. Appx53, ¶43; Appx55, ¶55; Appx57-58, ¶67; Appx256, ¶¶83-83; Appx.272, ¶¶151-152. The Complaint further alleges that Samsung breached the parties’ NDA through its unauthorized

access of confidential information disclosed by Kannuu under the NDA because such access was for a purpose outside the scope of the business purpose of the NDA. Appx82-84, ¶¶165-172. On October 1, 2019, Kannuu amended its Complaint to assert that Samsung's accused products also incorporate Kannuu's technology claimed in, or that can be used to perform methods claimed in, Kannuu's '579 patent. Appx253-254, ¶¶73-74.

In its Answer to Kannuu's First Amended Complaint, Samsung admitted the existence of the FSC and consented to personal jurisdiction and venue in New York. Appx450-451, ¶¶12-13. It is not surprising that Samsung consented to personal jurisdiction and venue, as the New York courts are Samsung's favored forum as evidenced by the fact that Samsung mandates this forum in Samsung's standard NDA. Appx445, ¶15.

Despite reaping the benefits of the FSC by forcing Kannuu to file its infringement case in a New York forum, which is the exclusive location for resolving the parties' disputes regarding the patents-in-suit, Samsung chose to disregard the FSC when it came to its validity challenges. Specifically, on March 17, 2020, Samsung filed petitions for *inter partes* review with the PTAB in Virginia asserting that all claims of the patents-in-suit are invalid. Appx1040; Appx1127; Appx1217; Appx1311; Appx1402. Kannuu filed preliminary responses to each of the petitions asserting, among other things, that the Board should consider the FSC and exercise

its discretion to deny institution based on the FSC. Appx1492; Appx1579; Appx1664; Appx1745; Appx1829.

On September 22, 2020, the PTAB denied Samsung's petitions as to the '264, '579, and '852 patents on the merits and did not address Kannuu's discretionary denial argument. Appx1913; Appx1955; Appx1988. On September 23, 2020, the PTAB granted Samsung's petitions as to the '354 and '393 patents. Appx2022; Appx3351. The Board acknowledged Kannuu's discretionary denial argument, and also acknowledged that the trial in the IPRs will include the issue of Samsung's alleged copying of the information that Kannuu shared with Samsung under the NDA, but the PTAB declined to consider the merits of whether the FSC barred Samsung's petitions, indicating that Kannuu should raise the issue instead in the district court. Appx2028-2031; Appx3359-3363. On October 7, 2020, Kannuu filed a Request for Rehearing, along with a Request for Precedential Panel Review. Appx2099; Appx2124; Appx2149-2150. The PTAB subsequently denied both of these requests. Dkt. No. 8-12; Dkt. No. 8-13; Dkt. No. 8-14. Thus, the PTAB never opined on whether the FSC was applicable.

Consequently, to enforce the FSC, Kannuu was forced to move the district court to enjoin Samsung from participating in the '354 and '393 IPRs. On September 30, 2020, the district court held an initial status conference during which the court heard arguments on Kannuu's request for discovery to bolster Kannuu's showing

that the IPRs are related to the NDA. Appx977. The district court declined Kannuu's request for discovery but authorized Kannuu to file its motion for a preliminary injunction. Appx983-984, 7:11-8:5; Appx987, 12:3-5.

In opposing Kannuu's motion, Samsung relied heavily on a decision from an SDNY case, *NuCurrent v. Samsung*. See *NuCurrent Inc. v. Samsung Elecs. Co.*, 19cv798 (DLC), 2019 U.S. Dist. LEXIS 110991 (S.D.N.Y. July 2, 2019). In *NuCurrent*, Samsung's same standard NDA with "a forum selection clause identical to the one at issue here" (Appx9, n.2) took center-stage in the case twice—first when Samsung successfully relied upon the FSC to get the case transferred from the EDTX to the SDNY and then when Samsung later argued that the FSC did not survive expiration of the NDA and thus could not preclude its IPR challenges.

In connection with its motion to transfer that case to the SDNY, Samsung argued that the FSC was "broad," was not limited to claims for breach of contract, and covered NuCurrent's patent infringement claims where (as in Kannuu's complaint) the patentee had alleged copying of confidential information supplied under Samsung's standard non-disclosure agreement. See *NuCurrent, Inc. v. Samsung Elecs. Co.*, Case No. 6:18-CV-51-JRG-KNM, 2018 U.S. Dist. LEXIS 223187 (E.D. Tex. Dec. 26, 2018). Samsung persuaded the EDTX to adopt Samsung's arguments that under New York law the FSC must be interpreted broadly and that the claims for patent infringement were related to the NDA and the

transactions contemplated by the NDA because copying was at issue. *See NuCurrent*, 2018 U.S. Dist. LEXIS 223187, at *19-*21.

Following the transfer of the case to the SDNY, and after Samsung initiated IPR proceedings, NuCurrent then argued that the FSC should be construed as also covering the patent validity issues. *See NuCurrent*, 2019 U.S. Dist. LEXIS 110991, at *5. Despite having successfully argued that the FSC was “broad” and covered claims for patent infringement where there was an allegation of copying, Samsung turned around and argued in the SDNY that the FSC was now expired and should not bar it from bringing IPRs. *Id.* at *9-*10. Although the default rule in New York is that a forum selection clause survives expiration of the non-disclosure agreement in which it is contained, the court in that case found that, based on the unique circumstances present in that case, the parties had opted out of the default rule and the FSC did not survive expiration of the non-disclosure agreement in that case. *Id.* at *10-*11; Appx9, n.2.

In its preliminary injunction motion, Kannuu explained that the SDNY’s *NuCurrent* decision was distinguishable because here, unlike in *NuCurrent*, the FSC did survive expiration of the NDA. Samsung did not dispute that the FSC here survives expiration of the NDA but argued (wrongly) that the *NuCurrent* decision did not rest on this issue. The district court agreed with Kannuu on this issue. Appx9, n.2.

Although the district court agreed with Kannuu about the *NuCurrent* case, on January 19, 2021, the district court denied Kannuu's motion. Appx1-12. The district court's decision rests instead on a narrow view of the scope of the FSC that Kannuu believes misapplies New York law and that is contrary to the broad interpretation of the FSC that the EDTX applied at Samsung's urging in transferring the *NuCurrent* case to the SDNY. Appx8-9; *NuCurrent*, 2018 U.S. Dist. LEXIS 223187, at *17. In persuading the district court here to interpret the FSC narrowly, Samsung's positions shamelessly ignored and indeed flew in the face of the arguments that Samsung successfully made in getting the *NuCurrent* case transferred from the EDTX to the SDNY.

The district court's discussion of the other three factors—irreparable harm, balance of hardships, and public interest—flowed directly from the district court's decision that the FSC is not applicable to Samsung's validity challenges. Appx9-12. Once the FSC is correctly interpreted as covering Samsung's validity challenges, there can be no doubt that these factors also favor entry of an injunction and there is no need to remand to the district court for further consideration of these factors.

Kannuu anticipates that Samsung will argue as an alternative ground of affirmance that if the FSC is construed to cover its validity challenges, then it is unenforceable as a violation of public policy favoring patent challenges. Samsung's

unenforceability argument is incorrect as explained below and can be dispensed with by this Court rather than remanding for further consideration by the district court.

On February 8, 2021, Kannuu filed a Notice of Appeal. Appx3607. As explained below, Kannuu respectfully submits that the district court's interpretation of the FSC was clearly erroneous and its denial of a preliminary injunction should be reversed and remanded with instructions to enter the injunction.

SUMMARY OF THE ARGUMENT

The Court should reverse the district court's order denying Kannuu's motion to enjoin Samsung from pursuing the IPRs because the district court erroneously concluded that Samsung's validity challenges are not "related to" the parties' discussions under the NDA. The FSC requires that Samsung bring any disputes relating to the NDA or "transactions contemplated" by the parties' discussions under the NDA in the federal or state courts of New York "and in no other jurisdiction." As Samsung has admitted, claims for patent infringement are "related to" the NDA where resolution of an aspect of the claim (willfulness) requires resolution of an allegation of copying. Here, it is undisputed that resolution of Samsung's validity challenges in the PTAB will require resolution of an allegation of copying. Samsung cannot have it both ways, and if copying can bring claims of patent infringement within the scope of the FSC, then copying also can bring claims of patent invalidity within the scope of the FSC.

Moreover, here the validity challenges not only relate to the confidential information that Kannuu shared under the NDA, but also to the “transactions contemplated” by the parties’ discussions under the NDA; namely, whether Samsung needed a license to the patents that are now at issue in the IPRs.

In addition, because “relating to” is defined broadly under New York law, the fact that the validity challenges are closely tied to the infringement claims is yet another reason to find that the validity challenges are covered by the FSC. The close relationship is shown, for example, by the fact that Samsung raised the same validity challenges in the district court as an alleged defense to Kannuu’s infringement claims. Indeed, Samsung played up the overlap between the infringement and validity issues in successfully obtaining a stay of the district court litigation pending the outcome of the IPRs. Given that Samsung has admitted that patent infringement claims fall within the scope of the FSC where (like here) there is a copying allegation, the parties’ dispute about the validity of Kannuu’s patents (including whether Samsung copied Kannuu’s confidential information) has a “discoverable relation” to the parties’ discussions under the NDA. Of note, Samsung argued in its transfer motion that the FSC was “broad” and covered NuCurrent’s patent claims for multiple reasons. *See NuCurrent Inc. v. Samsung Electronics, Co.*, Case No. 18-

cv-00051, Defendant’s Motion to Transfer, Dkt. No. 35, at 10 (E.D. Tex. July 12, 2018).¹

Despite recognizing that the “relating to” language of the FSC has been defined broadly by Merriam-Webster’s Dictionary to mean “connected by reason of an established or discoverable relation,” and despite acknowledging the breadth that other courts have given to the “relating to” phrase, the district court found that Samsung’s validity challenge was not “related to” to the parties’ discussions under the NDA even though Samsung’s copying of Kannuu’s information provided under the NDA is a pivotal issue in the IPRs and even though the parties’ discussions under the NDA revolved around whether Samsung needed a license to the patents now at issue in the IPRs (and Kannuu’s other patents).

When given its proper breadth, the FSC clearly covers the dispute between the parties about the validity of Kannuu’s patents, especially because that dispute includes the issue of whether Samsung copied the information that Kannuu provided under the NDA. And numerous courts have construed narrower forum selection clauses to bar agency proceedings like the one in the instant case. For example, in *Dodocase VR, Inc. v. Merchsource, LLC*, 767 F. App’x 930 (Fed. Cir 2019), this

¹ Although it is not in the record, this Court may take judicial notice of briefs filed by parties in other cases. *See, e.g., L.A. Biomed. Research Inst. v. Eli Lilly & Co.*, 849 F.3d 1049, 1061 n.6 (Fed. Cir. 2017); *Kavowras v. New York Times Co.*, 328 F.3d 50, 57 (2d Cir. 2003) (“Judicial notice may be taken of public filings.”).

Court considered a forum selection clause of a master license agreement that stated “[t]he laws of the State of California shall govern any dispute *arising out of or under this Agreement.*” *Id.* at 934 (emphasis added). Importantly, this Court confirmed in *Dodocase* that an enforceable forum selection clause can prohibit a party from pursuing an IPR, and that a district court may enjoin such a party. Kannuu now asks this Court to hold Samsung to significantly broader contractual language that Samsung itself drafted and enjoin Samsung’s attempt to invalidate Kannuu’s patents in proceedings outside of New York.

In denying Kannuu’s motion, the district court (adopting reasoning urged by Samsung) focused on the fact that the parties had not consummated a patent license. But what matters for purposes of the FSC is that the patent license was “contemplated,” not whether it was consummated.

Because Samsung misled the district court into misinterpreting the FSC, the district court erroneously concluded that Kannuu will not suffer irreparable harm absent an injunction. Similarly, the district court’s discussion of the balance of hardships and public interest factors likewise is based on the court’s unduly narrow view of the FSC’s scope.

Contrary to Samsung’s arguments below, interpreting the FSC in a manner to preclude Samsung’s filing of, and participation in, IPR proceedings with respect to the patents-in-suit does not contravene public policy. Numerous agreements

between private parties contain forum selection clauses that obligate those parties to litigate disputes in an exclusive forum. *See* Arthur R. Miller, Wright & Miller 14D Fed. Prac. & Proc. Juris. § 3803.1 (4th ed.) (noting that forum selection clauses “are nearly ubiquitous in all manner of contracts.”).

It is well-settled that FSCs, especially those that select Article III courts as the exclusive forum for dispute resolution—including FSCs related to the infringement, validity, and enforceability of patents—are generally enforceable. *See M/S Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1, 12 (1972); *Texas Instruments Inc. v. Tessera, Inc.*, 231 F.3d 1325 (Fed. Cir. 2000).

Importantly, FSCs are fundamentally different from the doctrine of “licensee estoppel,” which absolutely bars licensees from challenging patent validity and was abrogated under the U.S. Supreme Court’s decision in *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969). Unlike the concern in *Lear*, forum selection clauses do not eliminate the ability of a private party to challenge the validity of a patent; rather, they merely limit the forum in which such challenges may be made.

Particularly when that exclusive forum is an Article III court, the policy concerns that motivated the Supreme Court’s decision in *Lear* are not implicated. Moreover, the AIA, which enacted new procedures to challenge patents at the USPTO, did not override the ability of private parties to select an exclusive forum other than the USPTO to dispute the validity of patents. The limitation placed on

one or a small number of contractually bound actors to challenge a patent in an Article III court does not absolutely bar AIA challenges to the patent at the USPTO because the AIA allows any unrelated party to initiate those challenges.

Barring private agreements to select exclusive forums other than the USPTO to dispute patent validity would result in far-reaching, negative economic implications, particularly for innovating companies and individual inventors. These types of forum selection clauses are prevalent in settlement, licensing, mergers and acquisitions, non-disclosure, and other agreements in order to provide certainty and to reduce costs in the numerous types of transactions that private parties undertake in the innovative process. By channeling disputes regarding validity solely into the district courts, private parties can reduce potential costs and uncertainty to patent owners, in turn reducing the costs not only in licensing and assigning patents, but in negotiating licenses and assignments as well. *Cf.* Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, 83 J. Pat. & Trademark Off. Soc’y 558, 600 (2001) (“If the statute were to limit the districts where a patent holder could subject accused infringers to litigation, those infringers would have better guidance for primary behavior. Eliminating some of the incoherence in the application of the law and thereby increasing the ability of the parties to estimate outcome will decrease litigation.”).

As such, the district court committed clear legal error, and its decision should be reversed. Furthermore, this Court should order the district court to enter the injunction because no further weighing by the district court of the issues raised below by Samsung could change the outcome.

ARGUMENT

I. STANDARD OF REVIEW

Although this Court generally applies the law of the respective regional circuit on questions of procedure, this Court applies its own law in reviewing procedural matters arising from substantive issues in areas of law within its exclusive jurisdiction. *See Gen. Protecht Grp., Inc. v. Leviton Mfg. Co.*, 651 F.3d 1355, 1359 (Fed. Cir. 2011) (citing *Texas Instruments*, 231 F.3d at 1328). “A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.” *See Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008). This Court reviews the denial of a preliminary injunction for abuse of discretion. *See Takeda Pharms. U.S.A., Inc. v. West-Ward Pharm. Corp.*, 785 F.3d 625, 629 (Fed. Cir. 2015).

The district court’s order denying Kannuu’s motion for preliminary injunction turns on its erroneous legal interpretation of the FSC of the NDA. “General contract interpretation is not within the exclusive jurisdiction of the Federal Circuit.” *See*

Texas Instruments, 231 F.3d at 1329. The Supreme Court has held that “the interpretation of private contracts is ordinarily a question of state law.” *See Volt Info. Scis., Inc. v. Bd. of Trs. of Leland Stanford Junior Univ.*, 489 U.S. 468, 474 (1989). Furthermore, the governing law clause of the NDA states that “[t]his Agreement shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of New York . . .” Appx445, ¶15. The Court therefore must apply New York state law to interpret the FSC. Under New York state law, contracts are interpreted *de novo* on appeal. *See Westinghouse Credit Corp. v. D’Urso*, 371 F.3d 96, 101 (2d Cir. 2004) (citing *Oscar Gruss & Son, Inc. v. Hollander*, 337 F.3d 186, 198 (2d Cir. 2003)).

II. THE DISTRICT COURT ERRONEOUSLY DENIED KANNUU’S MOTION FOR A PRELIMINARY INJUNCTION.

A. The District Court Erroneously Concluded That Kannuu Failed To Show A Likelihood Of Success On The Merits.

The first of the four injunction factors—likelihood of success on the merits—turns on the question of whether Samsung’s validity challenges in the PTAB fall within the scope of the FSC. Adopting an unduly narrow reading of the FSC, the district court concluded that the FSC did not apply to Samsung’s challenges. The district court first concluded that “those proceedings do not relate to the Agreement itself.” Appx8. But the IPRs do not need to relate only to the NDA. The FSC applies to “[a]ny legal action, suit, or proceeding . . . relating to . . . the *transactions*

contemplated” by the NDA. Appx445, ¶15 (emphasis added). One of those contemplated transactions was a patent license that Samsung refused to consummate because it decided to copy Kannuu’s technology instead. Appx250-253, ¶¶54-70. Samsung never disputed that the discussions between Kannuu and Samsung under the NDA contemplated a potential license agreement. And the district court never acknowledged Kannuu’s evidence that the parties contemplated a potential license agreement. Appx8-9.

Rather, the district court appeared to mistakenly require a *consummated* license in order for the FSC to apply. First, in analyzing whether the IPRs relate to the NDA, the district court reasoned “although the parties entered the Agreement so that Samsung could evaluate Kannuu’s technology, the parties *never entered into a licensing agreement* that dealt with intellectual property rights.” Appx8 (emphasis added). Second, in analyzing whether the IPRs relate to the transactions contemplated by the NDA, the district court concluded that the IPRs are not “conceptually linked with *the transactions* under the NDA.” Appx9 (emphasis added). In both instances, the district court failed to consider whether the parties *contemplated* a license. This misstep is significant because Samsung’s own arguments regarding essentially the same NDA in the *NuCurrent* case confirm that no consummated license is required for the FSC to apply.

In *NuCurrent*, Samsung successfully moved to transfer a patent infringement case from the EDTX to the SDNY. Samsung argued that the FSC was “broad” and that NuCurrent’s patent infringement claims were covered by the FSC for multiple reasons (including that the plaintiff in that case had alleged copying by Samsung of the confidential information covered by the NDA). *See NuCurrent*, 2018 U.S. Dist. LEXIS 223187, at *17-*22; *id.*, Defendant’s Motion to Transfer, Dkt. No. 35, at 9-11 (E.D. Tex. July 12, 2018).

Like the FSC in this case, the NuCurrent-Samsung NDA was Samsung’s “standard” NDA and contained the “identical” FSC language. *See NuCurrent*, 2018 U.S. Dist. LEXIS 223187, at *5; Appx9, n.2. Also like this case, NuCurrent and Samsung never consummated a patent license agreement. Nevertheless, the EDTX determined (at Samsung’s urging) that the litigation was related to the NDA because NuCurrent’s claims were “connected by reason of an established or discoverable relation” with the NuCurrent-Samsung NDA. *See NuCurrent*, 2018 U.S. Dist. LEXIS 223187, at *17 (citing *HMS Holdings Corp. v. Moiseenko*, 2015 N.Y. Misc. LEXIS 4136, at *11 (N.Y. Sup. Ct. Nov. 13, 2015) (citing *Coregis Ins. Co. v. Am. Health Found.*, 241 F.3d 123, 128-29 (2d Cir. 2001))). Hence, the FSC applied and the EDTX transferred the case to the SDNY.

Although the district court here acknowledged that “related to” has been construed to mean “connected by reason of an established or discoverable relation”

(Appx7 (citing Merriam-Webster)), the district court failed to give the term the “broad” scope required under New York law. Applying the “plain and ordinary meaning” of “related to,” the district court found that Samsung’s validity challenges are “too attenuated to fall within the plain and ordinary meaning of ‘relating to.’” Appx9. The district court, however, ignored or did not adequately consider the ways in which the validity issues are related to the parties’ discussions under the NDA.

For example, Samsung has not disputed and, based on *NuCurrent v. Samsung*, cannot dispute that Kannuu’s patent infringement claims against Samsung are covered by the FSC given that they include an allegation of copying. Given that the copying issue brings claims for patent infringement within the scope of the FSC, so too should the copying issue bring claims of patent invalidity within the scope of the FSC.

As Kannuu explained below, the PTAB’s institution decisions state that the trial will include the issue of whether Samsung copied the information that Kannuu provided to Samsung under the NDA. Appx2052; Appx3397. Thus, the district court overlooked this important nuance in finding “the IPR proceedings concern the validity of patents, not confidentiality.” *Id.* There is clearly a discoverable relationship between Samsung’s validity challenges and the NDA.

Even if (contrary to fact) the copying issue were not part of Samsung’s validity challenges, those challenges still would fall under the FSC for two

independent reasons. First, the parties' discussions under the NDA pertained to a potential license of Kannuu's patents. Thus, the dispute about the validity of those patents is related to the "transactions contemplated" by the parties' discussions. Second, Samsung cannot dispute that the patent infringement claims here are covered by the FSC and the validity challenges are very tightly related to the patent infringement claims. The close relationship of the validity issues to the infringement issues covered by the FSC provides a "discoverable relation" of the dispute to the NDA.

Pivotal to the analysis is that under New York law the phrase "relating to" is construed broadly. *See HMS Holdings*, 2015 N.Y. Misc. LEXIS 4136, at *11-*12 (citing *Coregis*, 241 F.3d at 128-29); *see also NuCurrent*, 2019 U.S. Dist. LEXIS 110991, at *8-*9 (stating that the NuCurrent-Samsung FSC, which is identical to the Kannuu-Samsung FSC, "warrants a broad interpretation."). The Second Circuit explained that "[c]ourts have similarly described the term 'relating to' as equivalent to the phrases 'in connection with' and 'associated with,' . . . and synonymous with the phrases 'with respect to,' and 'with reference to,' . . . and have held such phrases to be broader in scope than the term 'arising out of.'" *Coregis*, 241 F.3d at 128-29. In fact, several courts have determined that agency proceedings involving patent validity are covered by FSCs with narrower language than the Kannuu-Samsung FSC.

For example, in *Dodocase v. Merchsource*, this Court considered a forum selection clause of a master license agreement that stated “[t]he laws of the State of California shall govern any dispute *arising out of or under this Agreement.*” See *Dodocase*, 767 F. App’x at 934 (emphasis added). The Court affirmed a district court’s finding that the forum selection clause covered the PTAB proceedings at issue. *Id.* at 935. Additionally, in *Texas Instruments, Inc. v. Tessera, Inc.*, this Court considered an even broader governing law clause that stated “disputes, controversies, claims or differences which may *arise from, under, out of or in connection with this Agreement.*” See *Texas Instruments*, 231 F.3d at 1331 (emphasis in original). This Court reversed the district court’s judgment that Texas Instruments would not be likely to succeed in proving that Tessera’s ITC proceeding is covered by the governing law clause. *Id.* at 1331-1332. Similarly, in *Nomadix, Inc. v. Guest-Tek Interactive Entm’t Ltd.*, the CDCAL considered a forum selection clause of a patent license agreement that applied to “all disputes arising out of *or in connection with this Agreement.*” See *Nomadix, Inc. v. Guest-Tek Interactive Entm’t Ltd.*, Case No. 2:19-cv-04980-AB, 2020 U.S. Dist. LEXIS 39732, at *7-*8 (C.D. Cal. Jan. 23, 2020) (emphasis added). The CDCAL held that Guest-Tek’s IPR petitions had a logical or causal connection to the license agreement and therefore were covered by the forum selection clause. *Id.* at *8. Not only does the “relating to” language of the Kannuu-Samsung FSC make it at least as broad as the

corresponding language in these three cases, but the “transactions contemplated hereby” language makes the FSC even broader.

This Court has held that patent infringement disputes and challenges to the validity of licensed patents arise from license agreements. *See Dodocase*, 767 F. App’x at 934-935 (citing *Texas Instruments*, 231 F.3d at 1331). Patent infringement disputes can also arise from failed license attempts. Kannuu’s patent infringement suit against Samsung is an example of that. Kannuu shared confidential information with Samsung “to further a business relationship between the parties” regarding obtaining rights to Kannuu’s patented technology. Appx443. The contemplated transactions included first and foremost (and indeed exclusively) the parties’ desire to allow Samsung to evaluate Kannuu’s patented technology to determine if the patents-in-suit merited a license. Appx2165, ¶3. Samsung supposedly concluded it did not need a license, whereas Kannuu filed this suit on the premise that Samsung did need a license to use the technology that Kannuu shared under the NDA. Samsung filed affirmative defenses and counterclaims in the suit asserting that the ’354 and ’393 patents are invalid under §§ 102-103. Appx531, ¶247; Appx553-557, ¶¶9-140. Samsung makes the same claims in the IPRs. Appx1129; Appx1219. Just as if Samsung had filed the IPRs in response to an infringement suit for failure to pay royalties under a consummated license agreement, the IPRs directly relate to

Samsung's refusal to license the '354 and '393 patents. Thus, the IPRs relate to transactions contemplated, but not consummated, by the NDA.

The same might not be true if the FSC were narrower in scope, for example if it merely provided that only "lawsuits" "arising out of" or "arising under" the NDA were to be brought in New York. In such circumstances, courts have held that only actions seeking to enforce rights or duties of the contract fall under the forum selection clause. *See, e.g., Phillips v. Audio Active Ltd.*, 494 F.3d 378, 391 (2d Cir. 2007). But by providing that any "proceedings" "relating to" the NDA—or even those which merely relate to "the transactions contemplated" by the NDA—be in New York, the FSC encompasses much more. Indeed, the Second Circuit in *Phillips v. Audio Active* contrasted these two scenarios, finding that it did "not understand the words 'arise out of' as encompassing all claims that have some possible relationship with the contract, including claims that may only 'relate to,' 'be associated with,' or 'arise in connection with' the contract." *Id.* at 389 (emphasis added). Thus, the FSC is broad enough to cover claims of patent invalidity related to the transactions contemplated by the NDA.

Finally, the '354 and '393 IPRs relate to the NDA or the transactions contemplated by the NDA because the information that Samsung obtained from Kannuu under the NDA forms the basis of Kannuu's claim that Samsung copied Kannuu's technology. The district court misconstrued the significance of this fact.

It believed that “the validity of the patents at issue in no way affects whether Samsung impermissibly accessed or used information deemed confidential under the Agreement.” Appx8. But even if this observation is true, the district court failed to appreciate that the opposite is also true—whether Samsung unlawfully used confidential information under the NDA *does* affect the validity of the patents at issue. Evidence of copying is one of the secondary considerations of nonobviousness and is inextricably intertwined with Samsung’s assertions that the patents-in-suit are obvious. *See Liqwd, Inc. v. L’Oreal USA, Inc.*, 941 F.3d 1133, 1137 (Fed. Cir. 2019). Thus, the district court incorrectly concluded that Samsung’s validity challenges were unrelated to the confidential information that Kannuu shared with Samsung under the NDA. Appx8.

Indeed, Kannuu presented eight pages of argument and evidence regarding Samsung’s copying of Kannuu’s technology in its Patent Owner’s Response to Samsung’s IPR petitions, which the Court can take judicial notice of. *See Samsung Electronics America, Inc. v. Kannuu Pty., Ltd.*, IPR2020-00737, Paper 39 at pp. 21-29 (PTAB Jan. 7, 2021); *Samsung Electronics America, Inc. v. Kannuu Pty., Ltd.*, IPR2020-00738, Paper 37 at pp. 20-28 (PTAB Jan. 7, 2021); *L.A. Biomed.*, 849 F.3d at 1061 n.6. For example, after Samsung terminated discussions with Kannuu, Samsung continued to access Kannuu’s proprietary technology. Appx2166, ¶8.

Specifically, on July 8, 2013, after breaking off discussions, Samsung accessed a proof-of-concept build on Kannuu's server over 2,500 times. *Id.* at ¶9.

For all of these reasons, the Court should reverse the district court's finding that Samsung's validity challenges are outside the scope of the FSC.

B. The District Court Incorrectly Concluded That Kannuu Will Not Suffer Irreparable Harm Absent An Injunction.

The district court's conclusion that Kannuu will not suffer irreparable harm absent an injunction primarily rested on its finding that the IPRs are not covered by the FSC. But as detailed above, the IPRs are covered by the FSC. Therefore, allowing Samsung to pursue the IPRs deprives Kannuu of its bargained-for forum, including a jury, and gives rise to irreparable harm as a matter of law. Indeed, in *Gen. Protecht*, the Court affirmed the district court's ruling that a party would be irreparably harmed as a matter of law if it were "deprived of its bargained-for forum," expressly rejecting the argument that "deprivation of one's chosen forum . . . is not irreparable harm per se." *See Gen. Protecht*, 651 F.3d at 1365; *see also Texas Instruments*, 231 F.3d at 1332 (finding substantial threat of irreparable injury in similar circumstances). "The inconvenience and [business] disruption" associated with litigation outside the parties' agreed-upon forum constitutes irreparable harm. *See Gen. Protecht Grp., Inc. v. Leviton Mfg. Co.*, No. CIV 10-1020 JB/LFG, 2010 U.S. Dist. LEXIS 137160, at *79 (D.N.M. Dec. 7, 2010) (quoting *Texas Instruments*,

Inc. v. Tessera, Inc., No. C-00-2114 CW, slip op. at 6 (N.D. Cal. Mar. 6, 2001)), *aff'd* 651 F.3d 1355 (Fed. Cir. 2011).

Although the district court correctly noted that the AIA contemplates that IPR proceedings may run concurrently with district court patent infringement actions, Samsung willingly gave up its right to pursue its validity challenges at the PTAB. Appx10. Samsung is a sophisticated party and should be attributed adequate knowledge of the forums and venues available to litigants for resolving disputes, including disputes relating to patents. *See Texas Instruments*, 231 F.3d at 1330 (“Thus, when [the parties] negotiated the terms of their licensing agreement, this court attributes to them adequate knowledge of the basic patent law actions and remedies available to litigants, including the available forums and venues.”). In fact, Samsung drafted the FSC included in the parties’ NDA, which was executed after the enactment of the AIA, Pub. L. No. 112-29, 125 Stat. 284 (enacted Sept. 16, 2011). Samsung cannot contend that it did not know that it was giving up its ability to pursue validity challenges at the PTAB because IPRs had a pre-AIA counterpart—*inter partes* reexamination. *See Nomadix*, 2020 U.S. Dist. LEXIS 39732, at *10, n.2 (C.D. Cal. Jan 23, 2020) (enforcing forum selection clause against IPR). Indeed, Samsung cannot “repudiate [its] promises simply because [it] later becomes dissatisfied with the bargain.” *See Lear, Inc. v. Adkins*, 395 U.S. 653, 668 (1969).

Proceeding in the unauthorized forum chosen by Samsung—the PTAB—is even more critical given the procedural differences between the PTAB and the district court. Appx10. In addition to being subjected to a second forum, Kannuu’s patents are not entitled to a presumption of validity in the PTAB as they are in the district court. *See* 35 U.S.C. § 282. Kannuu’s patents also will be evaluated under the preponderance of the evidence standard at the PTAB as opposed to the clear and convincing evidence standard employed by the district court. Given the centrality of Samsung’s copying to the nonobviousness determination, the limited scope and shortened time period for conducting discovery in the PTAB as compared to the district court has and will unduly prejudice Kannuu’s ability to fully and fairly present its copying and other secondary considerations evidence.

In addition to the inherently irreparable harm of litigating on two fronts due to being deprived of an agreed-upon forum, Kannuu will suffer further harm due to increased costs and delays associated with the ’354 and ’393 IPRs. Samsung filed five IPR petitions—one against each of the five patents-in-suit. Although the PTAB only instituted two of those petitions, the costs just to defend against these two challenges are in the hundreds of thousands of dollars in attorney’s fees, expert witness fees, and other costs. Moreover, Samsung convinced the district court to stay litigation of Kannuu’s infringement claims pending resolution of the IPRs. Appx14-23. And there may be two more years of appellate review of the PTAB’s

final written decisions in this Court, thereby subjecting Kannuu to additional costs and creating further substantial delay. *See Intellectual Ventures II L.L.C. v. JP Morgan Chase & Co.*, 13 Civ. 3777 (AKH), 2014 U.S. Dist. LEXIS 129854, at *12 (S.D.N.Y. Aug. 11, 2014). The Federal Circuit has found these hardships, including mounting a patent validity defense in a second forum and the attendant financial, and business burdens, to constitute irreparable harm sufficient to enjoin those petitions. *See Dodocase*, 767 F. App'x at 935. The irreparable harm to Kannuu cannot be remedied without an injunction.

C. The District Court Erroneously Concluded That The Balance Of Hardships Favors Samsung.

The district court also determined that the balance of hardships favors Samsung based on its conclusion that the IPRs are not covered by the FSC. But as detailed above, the IPRs are covered by the FSC. Thus, Kannuu is suffering hardship by being forced to litigate in an unbargained-for forum.

Contrary to what the district court believed, the harm to Kannuu of litigating in multiple forums cannot be remedied merely by staying the district court action. Appx11. Kannuu is entitled to “just, speedy, and inexpensive” adjudication of its patent rights. *See Fed. R. Civ. P. 1; Intellectual Ventures*, 2014 U.S. Dist. LEXIS 129854, at *11. While Samsung can obtain the same relief in the district court as in the PTAB, without an injunction Kannuu is forced to litigate only the validity of the '354 and '393 patents in the PTAB while its infringement claims on the other three

patents-in-suit and its breach of contract claim are on hold. Appx23. A final written decision in the '354 and '393 IPRs will not issue until September 2021 and any appeal will not conclude until well into 2022 at the earliest—over three years after Kannuu filed this suit. Thus, Kannuu is subject to far more hardship than Samsung.

Additionally, the district court gave undue weight to the possibility that a preliminary injunction would likely bar Samsung from pursuing its invalidity challenges under 35 U.S.C. § 315(b). Appx11. This Court has considered the alleged hardship of having to litigate validity in only the district court, including being barred under 35 U.S.C. § 315(b), and found it unavailing. *See Dodocase*, 767 F. App'x at 935 (affirming preliminary injunction despite concern that enjoining party from pursuing PTAB proceedings would result in their inability to ever pursue PTAB review because of the one-year time bar of 35 U.S.C. § 315(b)); *see also Gen. Protecht*, 651 F.3d at 1365 (“Having contracted for a specific forum, [Samsung] should not be heard to argue that the enforcement of the contract into which [they] freely entered would cause a hardship.”). As described above, Samsung maintains a full and fair opportunity to challenge the validity of the patents-in-suit in New York, an opportunity which it has already embraced by levying multiple affirmative invalidity defenses and declaratory judgment counterclaims. Appx531, ¶247; Appx553-557, ¶¶9-140. Moreover, as discussed above, Samsung waived its ability to mount a multi-forum validity fight when it drafted, proposed, and agreed to the

FSC. By not applying the FSC, the district court erred in determining that Kannuu failed to show that the balance of hardships tilts in its favor.

D. The District Court Erroneously Concluded That The Public Interest Favors Samsung.

For the reasons explained below as to why the FSC is not unenforceable, the public interest favors Kannuu, not Samsung, and this factor like the other three militates in favor of an injunction.

III. CONTRACTUAL AGREEMENTS BETWEEN PRIVATE PARTIES TO SELECT AN EXCLUSIVE ARTICLE III COURT TO ADJUDICATE THE VALIDITY OF A U.S. PATENT ARE ENFORCEABLE.

Samsung argued in the district court that “applying the FSC to preclude Samsung’s IPR participation would violate public policy in two ways: (1) by undermining federal patent policy, as articulated by the Supreme Court in *Lear*, 395 U.S. at 670-71; and (2) by violating the *Noerr-Pennington* doctrine, which prevents Kannuu from basing a claim on Samsung’s protected petitioning conduct.” Appx2273. Additionally, Samsung argued that “[t]he legislative intent behind the America Invents Act (“AIA”) (which created the PTAB) makes clear that federal patent policy must override the contractual interpretation Kannuu urges here.” Appx2274. On these grounds, Samsung asserts that interpreting the FSC so as to make the SDNY the exclusive forum in which Samsung can dispute the validity of the patents-in-suit would render the clause unenforceable in these circumstances

under applicable Second Circuit precedent. Appx2265 (citing *Phillips*, 494 F.3d at 391 (2d Cir. 2007)). These arguments are without merit when parties freely contract to select an Article III court as the exclusive forum to decide patent validity disputes.

Although the parties raised and briefed this issue, the district court did not decide whether the FSC was enforceable in these circumstances because it determined that the language of the FSC did not cover the IPRs. Appx4-14; Appx9, n.3. However, because the public policy issue was raised and fully briefed in the district court, and it is purely legal in nature, this Court has discretion to decide it in the first instance on appeal. *See Lifestyle Enter., Inc. v. United States*, 751 F.3d 1371, 1377 (Fed. Cir. 2014) (stating that “the general rule [is] that a party may raise on appeal any issue that was raised or actually decided below”) (emphasis in original); *NML Capital v. Republic of Argentina*, 621 F.3d 230, 236 (2d Cir. 2010) (holding that the appeals court reviews the determination whether a contractual provision is an unenforceable penalty, unconscionable, or void on account of public policy *de novo*); *cf. Icon Health and Fitness, Inc. v. Strava, Inc.*, 849 F.3d 1034, 1040 (Fed. Cir. 2017) (“Because the issue has been fully briefed, the record is complete, there will be no prejudice to any party, and no purpose is served by remand, we will consider [Appellant]’s arguments”).

A. Forum Selection Clauses Are Generally Enforceable.

It is well-settled that forum selection clauses in private agreements are generally enforceable. *See M/S Bremen*, 407 U.S. at 12 (holding that FSCs are “presumptively valid” and are fully enforceable “absent some compelling and countervailing reason”); *cf. Atl. Marine Constr. Co. v. U.S. Dist. Court*, 571 U.S. 49, 59-60 (2013) (holding that “a proper application of § 1404(a) requires that a forum-selection clause be given controlling weight in all but the most exceptional cases.”). This is particularly so for FSCs that select Article III courts as the exclusive forum for disputes. *Cf. J.B. Harris, Inc. v. Razei Bar Indus., Ltd.*, 181 F.3d 82 (2d Cir. 1999) (rejecting plaintiff’s argument that a “forum selection clause offends public policy because it provides that ‘[t]he arbitrator will not be bound by the substantive law and the laws of procedure’”). In this regard, numerous courts, including this one, have upheld FSCs relating to the infringement, validity, and unenforceability of patents, including barring agency proceedings.

For instance, in *Texas Instruments Inc. v. Tessera, Inc.*, this Court reversed the district court’s denial of a preliminary injunction regarding a forum selection clause that limited disputes to California. *See Texas Instruments*, 231 F.3d at 1327. Specifically, examining the four factors for a preliminary injunction, including the public interest, this Court enjoined the patentee from participating in a patent enforcement action at an administrative agency, namely, the ITC. *Id.* at 1332.

Similarly, in *General Protecht Group, Inc. v. Leviton Mfg. Co.*, this Court upheld a preliminary injunction barring participation of the patentee in an ITC proceeding on the basis of an FSC. In upholding the clause, this Court noted that “[t]here is no public interest served by excusing a party’s violation of its previously negotiated contractual undertaking to litigate in a particular forum.” *Gen. Protecht*, 651 F.3d at 1366.

Finally, in *Dodocase*, in an opinion by Chief Judge Prost, this Court relied on *Texas Instruments* to uphold the district court’s determination that a forum selection clause that barred validity challenges at the USPTO in favor of federal district court was enforceable. Specifically, this Court noted the district court’s finding that the “public interest” included “enforcing contractual rights and obligations.” *Dodocase*, 767 F. App’x at 935-36. Additionally, this Court noted the ability for the accused infringer “to challenge the validity of the patents in the district court” and that “independent third parties could initiate separate PTAB proceedings,” concluding that “[t]he district court did not abuse its discretion in determining that the public interest supported granting a preliminary injunction.” *Id.*

B. Neither *Lear v. Adkins* Nor The AIA Override Forum Selection Clauses That Preclude Contracting Parties From Filing Challenges At The USPTO.

- 1. *Lear v. Adkins* concerns agreements that bar validity challenges entirely, not agreements that merely restrict where a validity challenge can be brought.**

In *Lear v. Adkins*, the U.S. Supreme Court abrogated the doctrine of licensee estoppel, which otherwise barred *all* validity challenges by licensees, in order to promote the public interest in “eliminating worthless patents.” *Lear*, 395 U.S. at 664. Unlike the doctrine in *Lear*, the FSC in the instant case does not bar all validity challenges—rather, it selects an Article III court as the exclusive forum for such challenges. Finding *Lear* applicable in the instant case would require a radical extension of its holding.

Thus, the policy concerns in *Lear* are greatly diminished here, and do not justify overriding the freely negotiated decision by the parties to forgo challenges at the USPTO. *See, e.g., Callaway Golf Co. v. Acushnet Co.*, 523 F. Supp. 2d 388, 407 (D. Del. 2007) (“The public interest is not compromised here, as the public is not a party to the Agreement, and other third parties may still challenge the validity of the parties’ patents . . .”).

In this regard, there are notable differences between AIA and district court proceedings regarding patent validity. Specifically, AIA proceedings are subject to a lower burden of proof, limited discovery, no presumption of validity, an accelerated schedule, and no substantive appellate review of the institution decision. *See generally* Yasser El-Gamal, Ehab M. Samuel, Peter D. Siddoway, *The New Battlefield: One Year of Inter Partes Review Under the America Invents Act*, 42 *AIPLA Q.J.* 39, 60 (2014). IPRs are limited to anticipation and obviousness grounds

of validity, and solely on the basis of patents and printed publications. *Cf. Texas Instruments*, 231 F.3d at 1330 (noting the differences between ITC and district court patent litigation in upholding a forum selection clause that precluded patentee’s filing of the ITC action).

In view of these notable differences, private parties may wish to reduce potential costs and uncertainty of negotiations, licensing, and acquisition and the like by choosing a federal district court as the sole forum to litigate patent validity. Doing so does not frustrate the policy aims articulated by *Lear*. Specifically, *Lear* balanced “the equities of the licensor . . . against the important public interest in permitting full and free competition in the use of ideas . . .” *Lear*, 395 U.S. at 670. The Court decided that when the licensor completely forecloses all avenues for the licensee to challenge patent validity, the public interest is overriding. *Id.* at 671. However, the Court had no occasion to consider the instant situation, where the FSC freely allows a challenge in an Article III court.

Indeed, the Supreme Court in *Lear* recognized contract law’s time-honored doctrine of “forbid[ding] a purchaser to repudiate his promises simply because he later becomes dissatisfied with the bargain.” *Id.* at 668. In this regard, the FSC included in the parties’ NDA in the instant case—executed after the enactment of the AIA, Pub. L. No. 112-29, 125 Stat. 284 (enacted Sept. 16, 2011)—was drafted by Samsung, so there can be no question that it was fully aware of its implications.

See Texas Instruments, 231 F.3d at 1330 (“Thus, when [the parties] negotiated the terms of their licensing agreement, this court attributes to them adequate knowledge of the basic patent law actions and remedies available to litigants, including the available forums and venues.”).²

The risks and costs inherent in this uncertainty can be at least somewhat mitigated by mandating a single forum for potential disputes. *See Texas Instruments*, 231 F.3d at 1332 (“Thus, TI may have been prejudiced by Tessera’s breach, for TI had already filed suit in California and would now be obliged to defend a second action in a Washington, D.C. forum. In effect, Tessera is attempting to compel TI to fight infringement battles on two fronts.”); *Martinez v. Bloomberg LP*, 740 F.3d 211, 218 (2d Cir. 2014) (noting that the “presumptive enforceability of forum selection clauses reflects a strong federal public policy of its own.”). Indeed, as noted earlier, Kannuu has asserted that Samsung wrongfully used the confidential information that Kannuu provided to it under the NDA, an issue that has become central in the co-pending IPRs regarding secondary considerations of copying. *See, e.g., Samsung Electronics America, Inc. v. Kannuu Pty., Ltd.*, IPR2020-00737, Paper 39 at 3-4, 21-28 (PTAB Jan. 7, 2021); *see generally Apple Inc. v. Samsung Elecs.*

² Additionally, Samsung cannot contend that it could not contemplate that the FSC would preclude it from pursuing challenges at the PTAB because IPRs had a pre-AIA counterpart—*inter partes* reexamination. *See Nomadix*, 2020 U.S. Dist. LEXIS 39732, at *10, n.2 (enforcing forum selection clause against IPR relying in part on the fact that IPRs had a pre-AIA counterpart).

Co., 839 F.3d 1034, 1048 (Fed. Cir. 2016) (en banc) (stating that the objective factors of nonobviousness “must be considered in every case where present.”).

Just as Samsung relied on the same forum selection clause in another case to request a transfer of a patent infringement case from the EDTX to the SDNY, Kannuu should be able to hold Samsung to its bargain to litigate patent validity in the SDNY. *See supra* at II.A. As the Supreme Court noted in *Bremen*, forum selection clauses constitute an “indispensable element in international trade, commerce, and contracting,” and thus should not give way to forum-shopping or litigation tactics. *M/S Bremen*, 407 U.S. at 13; *see also Texas Instruments*, 231 F.3d at 1332.

As noted earlier, a federal court provides much greater discovery than the PTAB, allowing for a full airing of the facts and circumstances surrounding Samsung’s copying and other secondary factors. Additionally, a federal court can resolve all of Samsung’s invalidity defenses, including those related to 35 U.S.C. §§ 101 and 112 in a single action, reducing overall litigation costs. As such, pursuing a validity challenge in a federal district court is more expedient and more expansive than pursuing the same challenge at the PTAB.

Another consideration is the broader interest in allowing parties to opt out of administrative agency adjudication when they prefer traditional Article III adjudication. As the Supreme Court noted in *Cuozzo*, although IPR proceedings

have some “adjudicatory characteristics . . . in other significant respects, inter partes review is less like a judicial proceeding and more like a specialized agency proceeding.” *Cuozzo Speed Techs., LLC, v. Lee*, 136 S. Ct. 2131, 2143-44 (2016). Allowing private parties to select a full judicial proceeding in an Article III court to dispute patent validity does not frustrate the policy interests in *Lear*. Rather, it may assist the parties by eliminating the uncertainty, delay, and costs often involved in administrative procedures, especially when those procedures are layered on top of existing district court litigation, as in the instant case.

In fact, in *Flex-Foot, Inc. v. CRP, Inc.*, 238 F.3d 1362 (Fed. Cir. 2001), this Court enforced a clause that precluded all patent validity challenges. In *Flex-Foot*, this Court held a no-challenge clause in a settlement agreement is justified—and does not run afoul of the policies of *Lear*—because *Lear* did not involve a contractual commitment (instead, licensee estoppel) and such a commitment promotes the policy of finality inherent in settlement. *Id.* at 1368-69 (citing *Hemstreet v. Spiegel, Inc.*, 851 F.2d 348 (Fed. Cir. 1988); *Foster v. Hallco Mfg. Co.*, 947 F.2d 469 (Fed. Cir. 1991); *Studiengesellschaft Kohle M.B.H. v. Shell Oil Co.*, 112 F.3d 1561 (Fed. Cir. 1997)). Although there is no settlement at issue in this case, *Flex-Foot* underscores the point that there is no *per se* rule that contractual clauses that entirely preclude, much less limit, validity challenges are unenforceable.

Therefore, it is not surprising that this Court in *Dodocase* implicitly rejected the accused infringer's arguments in its brief that an FSC that required the parties to dispute validity in a federal district court ran afoul of *Lear*. *Dodocase*, 767 F. App'x at 935-36. Rather, this Court affirmed the district court's finding that the FSC did not contravene public policy. *Id.*

2. The AIA did not override the ability of parties to select exclusive judicial forums to dispute patent validity.

In *Dodocase*, by affirming the district court's determination, this Court also implicitly rejected the accused infringer's arguments that these clauses would contravene the implications of the AIA especially in view of the Supreme Court's decisions in *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2135 (2016) and *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1374 (2018).

As noted in *Oil States* and *Cuozzo*, the AIA protects "the public's paramount interest in seeing that patent monopolies are kept within their legitimate scope." *Oil States*, 138 S. Ct. at 1374 (quoting *Cuozzo*, 136 S. Ct. at 2135). However, a forum selection clause that requires a small number of private parties to dispute patent validity in an Article III court does not materially limit the "the public's" ability to keep "patent monopolies . . . within their legitimate scope" via the AIA. As noted earlier, such an FSC allows for all non-bound parties to file and participate in AIA proceedings to dispute patent validity. Indeed, the AIA is quite expansive in

allowing third parties who could not dispute patent validity in an Article III court to file challenges. *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1348 (Fed. Cir. 2018) (“[T]he universe of permissible IPR petitioners seeking to challenge patent claims is significantly larger than the universe of plaintiffs who would have Article III standing to bring a declaratory judgment action challenging the validity of a patent in federal court.”).

Moreover, the AIA contemplates that parties to an IPR (or similar AIA proceedings) may immediately terminate the IPR via settlement. *See Oil States Energy Services*, 138 S. Ct. at 1371 (noting that “[t]he owner can also settle with the petitioner by filing a written agreement prior to the Board’s final decision, which terminates the proceedings with respect to that petitioner.”). Although the USPTO has the authority to deny such settlement, Kannuu is unaware of any such denials. Such settlements may include an agreement by the petitioner not to challenge the patent whatsoever going forward, not only at the USPTO but in any other forum. If a petitioner who challenges a patent can settle an IPR (or similar AIA proceedings) immediately upon filing, or even after institution, there is no material difference to the public interest if the would-be petitioner agrees *ex ante* not to challenge validity at the USPTO. Thus, it can be hardly said the AIA contemplated that the USPTO would always be available as a forum for every private party to challenge patent validity.

C. The *Noerr-Pennington* Doctrine Is Inapplicable To Forum Selection Clauses In This Context.

Finally, Samsung argued in the district court that interpreting the FSC so as to bar Samsung's filing of, and participation in, the IPR petitions on the patents-in-suit violates the *Noerr-Pennington* doctrine. See *Eastern R.R. Presidents Conference v. Noerr Motor Freight, Inc.*, 365 U.S. 127, 136-39 (1961); *United Mine Workers v. Pennington*, 381 U.S. 657, 669-70 (1965).

Samsung misconstrues this doctrine. The *Noerr-Pennington* doctrine provides immunity from antitrust or similar liability for parties that seek to influence legislative, executive, administration, or judicial action. *Intell. Ventures I LLC v. Cap. One Fin. Corp.*, 937 F.3d 1359, 1364 (Fed. Cir.), *reh'g denied*, 943 F.3d 1383 (Fed. Cir. 2019) (stating "the so-called *Noerr-Pennington* doctrine, which—with limited exceptions—protects private parties from antitrust liability based on even unsuccessful litigation attempts to enforce laws with potentially anti-competitive effects.").

As such, the doctrine is inapplicable to the enforcement of a contractual, forum selection clause. See, e.g., *Microsoft Corp. v. Motorola, Inc.*, 795 F.3d 1024, 1047 (9th Cir. 2015) (holding that the *Noerr-Pennington* doctrine "does not . . . immunize a party from actions that amount to a breach of contract."); *Waguespack v. Medtronic, Inc.*, 185 F. Supp. 3d 916, 926 (M.D. La. 2016) ("Defendants' First Amendment [*Noerr-Pennington*] objections are insufficient to overcome Plaintiffs'

demonstrated likelihood of success on the merits of invalidating the forum selection and choice of law clauses.”); *Apple, Inc. v. Motorola Mobility, Inc.*, 886 F. Supp. 2d 1061, 1078 (W.D. Wis. 2012) (holding that “applying immunity to Motorola from Apple’s breach of contract claims is not appropriate.”); *Spear Pharms., Inc. v. William Blair & Co., LLC*, 610 F. Supp. 2d 278, 288 (D. Del. 2009) (denying a motion to dismiss a claim for breach of a confidentiality agreement based on the *Noerr-Pennington* doctrine). Indeed, no antitrust or similar tort claims are at issue in this case. *See, e.g., Waguespack*, 185 F. Supp. at 926 (“In the instant case, Plaintiffs have not asserted any Sherman Act claims against Defendants . . .”).

IV. THE COURT SHOULD INSTRUCT THE DISTRICT COURT TO ENJOIN SAMSUNG FROM PARTICIPATING IN THE IPRS PENDING FINAL DETERMINATION.

As shown above, Kannuu has demonstrated that the district court should enjoin Samsung from participating in the IPRs. All four factors for issuing a preliminary injunction are met. *See Winter*, 555 U.S. at 20. First, because Samsung’s validity challenges relate to the parties’ discussions under the NDA, Kannuu is likely to succeed on the merits of the requested injunction. Second, Kannuu has suffered irreparable harm because, absent an injunction, it is being forced to litigate in an unbargained-for forum that provides fewer procedural protections to patent owners. Third, Samsung is not harmed because it willingly gave up its right to pursue its validity challenges at the PTAB and is pursuing those

same validity challenges, and more, in the district court. The balance of hardship favors Kannuu because, by contrast, Kannuu has been denied the timely and inexpensive resolution of its infringement and breach of contract claims. Fourth, the requested injunction would not disserve the public interest as it would not contravene public policy as set forth above. Accordingly, the Court should reverse the district court's order denying Kannuu's motion for a preliminary injunction and remand this case to the district court with instruction to enter the injunction. *See Core Lab 'ys LP v. Spectrum Tracer Servs., L.L.C.*, 532 F. App'x 904, 911 (Fed. Cir. 2013) (reversing denial of preliminary injunction and remanding with instructions to enter the injunction); *Am. Signature, Inc. v. United States*, 598 F.3d 816, 830 (Fed. Cir. 2010) (reversing denial of preliminary injunction and requiring district court to grant preliminary injunction); *Smith Int'l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1581-82 (Fed. Cir. 1983).

Lest there be any doubt, the district court has authority to enjoin Samsung from pursuing related proceedings outside of New York. *Goldman, Sachs & Co. v. Golden Empire Sch. Fin. Auth.*, 764 F.3d 210, 212 (2d Cir. 2014) (holding that "the FINRA arbitration rules have been superseded by forum selection clauses requiring 'all actions and proceedings' related to the transactions between the parties to be brought in court."); *NML Capital, Ltd. v. Republic of Argentina*, 699 F.3d 246, 263 (2d Cir. 2012) (a court with personal jurisdiction over a party can enjoin that party

from engaging in conduct outside of that court's geographical boundaries). Such an injunction would not preclude the PTAB from continuing its investigation, but rather would require Samsung to withdraw from the IPRs. *See Gen. Protecht*, 651 F.3d at 1365 (rejecting argument that injunction contravenes public interest by hindering an agency investigation); *Texas Instruments*, 231 F.3d at 1332 (vacating denial of preliminary injunction that sought to enjoin party from participating in agency proceeding). As such, an injunction should issue.

V. CONCLUSION

In conclusion, Samsung's validity challenges relate to the parties' discussions under the NDA. The FSC is enforceable and is not overridden by *Lear v. Adkins* or the AIA. Because the district court misconstrued the FSC and abused its discretion in evaluating the four factors that it considers in issuing a preliminary injunction, Kannuu respectfully requests that the Court reverse the district court's order denying Kannuu's motion for a preliminary injunction and remand this case to the district court with instructions to enter a preliminary injunction.

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Respectfully submitted,

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