

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.**

REPLY BRIEF OF APPELLANT

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Abbreviation	Term
Kannuu	Plaintiff-Appellant Kannuu Pty. Ltd.
Samsung	Defendants-Appellees Samsung Electronics Co., Ltd. and Samsung Electronics America, Inc.
BB##	Brief of Appellant
RB##	Brief for Defendants-Appellees
AB##	Brief of Amici Curiae Intellectual Property Law Professors in Support of Appellees
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.</i>

Kannuu Pty., Ltd., 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)

SDNY

Southern District of New York

SUMMARY OF REPLY ARGUMENT

Samsung's brief is most notable for what it does not say. Samsung does not dispute any of the following matters:

- This Court reviews issues of contract interpretation *de novo*.
- The district court's ruling is an abuse of discretion if based on an erroneous contract interpretation.
- For any disputes covered by the FSC, the parties agreed that the courts in New York are the *exclusive* fora.
- The FSC does not carve out IPR proceedings from the phrase "*any* legal action, suit or proceeding."
- The NDA expressly states that the transaction contemplated was a "business relationship," and it is undisputed that the specific relationship contemplated was a license to Kannuu's patent rights (including the patent applications that resulted in the patents at issue in the IPRs).
- The IPRs will address the issue of whether Samsung copied the technology that Kannuu shared with Samsung under the NDA.

As for what Samsung's brief does say, Samsung argues for an extremely narrow view of the scope of the FSC. Samsung's argument, however, is directly at odds with controlling New York law as explained in Kannuu's opening brief. Under

New York law, “relating to” is interpreted broadly as equivalent to “associated with” and as much broader than “arising out of.” Moreover, Samsung’s argument here for a narrow interpretation simply cannot be reconciled with the position Samsung successfully took in the *NuCurrent* case in arguing that the same FSC language should be interpreted broadly to cover patent infringement claims where there is an allegation of copying. Indeed, the copying issue is even more directly related to the validity issues than the infringement issues given that the obviousness analysis in this case *must* include an analysis of copying, whereas the infringement analysis does not include an analysis of copying. Instead, copying only comes into play on the infringement side of the case for determining willfulness *if* infringement is found. Given Samsung’s successful argument in *NuCurrent* that “the . . . FSC is ‘Broad’ and Covers All Statutory Claims,” Samsung’s contrary arguments here should be viewed with extreme skepticism.

And in yet another startling about-face, Samsung has abandoned the public policy arguments that it made below and instead is advocating for a “clear statement” rule that it contends would not be satisfied by the FSC. Samsung’s new argument fails for numerous independent reasons, including that Samsung has waived the argument, it would not make sense to apply the clear statement rule to forum-selection clauses, and the FSC meets the rule anyway.

Because the FSC is enforceable and is properly construed as covering the IPRs, the district court's ruling is clearly erroneous and must be reversed. Moreover, Kannuu explained in its opening brief why this Court should remand with instructions for the district court to enter the injunction, rather than remanding for further analysis, and Samsung's brief is silent on this issue. Thus, if this Court reverses the district court, the Court should do so with instructions that the district court enter the injunction.

ARGUMENT

I. SAMSUNG'S ARGUMENTS DO NOT JUSTIFY THE DISTRICT COURT'S DENIAL OF KANNUU'S INJUNCTION MOTION.

A. Samsung Has Not Rebutted Kannuu's Argument Regarding Likelihood Of Success On The Merits.

Because Samsung's copying of the information that Kannuu disclosed under the NDA is a central issue in the IPRs, the IPRs are "related to" (i.e., "associated with" or have a "discoverable relation" to) the NDA. *See Liqwd, Inc. v. L'Oreal USA, Inc.*, 941 F.3d 1133, 1137-39 (Fed. Cir. 2019) (finding that copying by the accused infringer of confidential information could support a finding of non-obviousness and vacating the PTAB's decision); *Direct Mail Prod. Servs. Ltd. v. MBNA Corp.*, No. 99 CIV. 10550 (SHS), 2000 WL 1277597, at *6 (S.D.N.Y. Sept. 7, 2000) (noting that a forum-selection clause "will encompass tort claims . . . if the

tort claims ‘involv[e] the same operative facts as a parallel claim for breach of contract’”) (citation omitted).

Samsung tries to brush under the rug its prior position that the same exact FSC language in its NDA with NuCurrent was sufficiently “broad” for it to cover patent infringement claims. *See NuCurrent, Inc. v. Samsung Elecs. Co.*, Case No. 6:18-CV-51-JRG-KNM, 2018 U.S. Dist. LEXIS 223187, 2018 WL 7821099 (E.D. Tex. Dec. 26, 2018); *id.*, Defendant’s Motion to Transfer, 2018 WL 8244727, Dkt. No. 35, at 8-11 (E.D. Tex. July 12, 2018) (hereinafter “Samsung Transfer Motion”). There, Samsung properly recognized that because the plaintiff, NuCurrent, had alleged copying by Samsung of the confidential information covered by the NDA, the “noncontractual” patent claims were clearly “related to” the NDA and thus covered by the FSC. *Id.* at 8-11.

In so doing, Samsung quoted from *Tourtellot v. Harza Architects, Eng’rs & Constr. Managers*, 866 N.Y.S.2d 793, 794-95 (App. Div. 2008), specifically noting that a party “cannot circumvent application of the [FSC] by pleading parallel and/or additional related noncontractual claims.” Samsung further argued that **three relevant tests** apply for determining whether a forum-selection clause is “related to” asserted claims: “(i) the claims rely on the same facts as a (parallel or unasserted) claim that defendant breached the contract with the broad FSC; or (ii) resolution of the claims requires application of provisions in the contract with the broad FSC; or

(iii) the claim(s) could not have arisen if the contract with the broad FSC had not existed.” *Id.* at 10 (citing *Cuno, Inc. v. Hayward Indust. Prods., Inc.*, No. 03 CIV. 3076 (MBM), 2005 WL 1123877, at *5 (S.D.N.Y. May 10, 2005) (enunciating the three tests); *Direct Mail*, 2000 WL 1277597, at *6 (same)).

Samsung then argued that “[i]f true, NuCurrent’s allegations, i.e., that Defendants stole the trade secrets and ‘willfully’ infringed the alleged inventions shared by NuCurrent—would give rise to a claim that Defendants breached their obligations [under the NDA].” *Id.* at 11. For this reason, argued Samsung, the NDA was directly “related to” the noncontractual patent claims in NuCurrent’s complaint.

The same is true in the instant case. Namely, taking Kannuu’s allegations as true,¹ Samsung willfully breached the NDA and in so doing copied and willfully infringed Kannuu’s claimed invention. Appx43-50; Appx53; Appx55; Appx58; Appx62; Appx64; Appx67; Appx70; Appx72; Appx74; Appx77; Appx79; Appx81; Appx84. The facts underlying Samsung’s copying are thus central to (1) the breach

¹Contrary to Samsung’s assertions, this Court must take Kannuu’s factual assertions as true because the district court decided the motion solely on the basis of the facts offered by Kannuu, assuming such to be true, and without an evidentiary hearing. Appx1-11; *Cf. Charette v. Town of Oyster Bay*, 159 F.3d 749, 755 (2d Cir. 1998) (“An evidentiary hearing is not required when the relevant facts either are not in dispute or have been clearly demonstrated at prior stages of the case . . . or when the disputed facts are amenable to complete resolution on a paper record.”). Thus, this appeal should be decided on a similar procedural posture, and Samsung cannot now dispute such facts. *Republic of Philippines v. New York Land Co.*, 852 F.2d 33, 37 (2d Cir. 1988) (“our record indicates that while [the defendants] had the opportunity, they never asked for such a hearing”).

of NDA claims; and (2) the IPRs, because secondary considerations in the IPR actions turn heavily on copying, the same facts at issue in the breach of NDA claims. Appx2052; Appx3397. Thus, on Samsung's reasoning from *NuCurrent*, "the claims rely on the same facts as a (parallel or unasserted) claim that defendant breached the contract with the broad FSC." Not only is this statement one Samsung made in prior proceedings, but it is also correct legally. *See, e.g., Direct Mail*, 2000 WL 1277597, at *6; *Cuno*, 2005 WL 1123877, at *5.

In this regard, Samsung asserts that its arguments in *NuCurrent* are not controlling here. RB20 n.3. Given that Samsung's arguments in *NuCurrent* concerned identical language and very similar facts, resulting in a favorable decision to Samsung, Samsung's assertion is dubious to say the least. *See New Hampshire v. Maine*, 532 U.S. 742, 749 (2001) (holding that under the doctrine of judicial estoppel, parties may be estopped from asserting a "contrary position" to one successfully taken previously, including in the same or different proceedings). The dubiousness of Samsung's assertion is especially so because a preliminary injunction sounds in equity, and Samsung would obtain an "unfair advantage" from asserting inconsistent positions. *See id.*; *Julian v. Metro. Life Ins. Co.*, No. 17-CV-00957 (AJN), 2021 WL 1226749, at *5 (S.D.N.Y. Mar. 31, 2021) ("determin[ing] that the equities tip in favor of judicial estoppel").

Moreover, Samsung's arguments in *NuCurrent* show that the IPRs are related to the NDA, because the IPRs would not have arisen if the NDA with the broad FSC had not existed. As Samsung noted, “[i]n *Aviation Finance Co. v. Chaput*, an NDA’s FSC covered non-contractual claims, because ‘[a]bsent the ... NDA, [defendant] would not have worked [with] Plaintiffs, and would not have been in a position to allegedly misuse the confidential information he received from plaintiffs pursuant to the NDA. No. 14 CIV. 8313 (CM), 2015 WL 13203653, at *26 (S.D.N.Y. Mar. 12, 2015).” Samsung Transfer Motion at 16.

Just as Samsung argued in *NuCurrent*, Kannuu shared its confidential information and now-patented inventions “under” the NDA between the parties. This FSC was not mere “boilerplate,” but drafted by Samsung and was a condition of sophisticated parties to engage in further discussions. Appx43. Therefore, just as Samsung argued in *NuCurrent*, “[w]ithout the ... NDA, [Kannuu] would not have shared its trade secrets and patents, [and] Defendant could not have allegedly misappropriated those trade secrets or ‘willfully’ infringed those patents, and [Kannuu] would have no claims against Defendants.” Samsung Transfer Motion at 17; Appx2166, ¶8.

In other words, without the NDA between Kannuu and Samsung, there never would have been (1) sharing of confidential information between the parties, including Kannuu’s proof-of-concept build; (2) subsequent copying and

infringement by Samsung; and (3) ultimately, a suit filed by Kannuu and then IPRs filed by Samsung on Kannuu's patented technology. Appx43-50; Appx53; Appx55; Appx58; Appx62; Appx64; Appx67; Appx70; Appx72; Appx74; Appx77; Appx79; Appx81; Appx84; Appx309-311; Appx1012-1016; Appx1513-1516; Appx1522-1523; Appx1527-1529; Appx1608-1611; Appx1615-1616; Appx1685-1686; Appx2166, ¶9. The line of reasoning here is exactly the same as that argued by Samsung in *NuCurrent*.

However, in its response brief in this case, Samsung—in direct contradiction to its earlier arguments in *NuCurrent*—states narrowly that patent claims “‘are not ‘related to’ the Agreement where ‘their resolution does not ‘require[] the application of various provisions of the Agreement.’” RB12 (citing *Allianz Global Investors Gmbh v. Bank of Am. Corp.*, 463 F. Supp. 3d 409, 437 (S.D.N.Y. 2020)). Of course, as Samsung properly recognized in its brief in *NuCurrent*, this argument is misstatement of the law, because claims may also be “related” when they are premised on the same facts or because the later claims are premised upon the existence of the earlier contract. Moreover, under New York law, the broad language of the particular FSC at issue here, the IPRs may be deemed “related” to the NDA or the “transactions contemplated” if they are “associated with” or have a “discoverable relation” to the NDA or the contemplated transactions, and thus do

not necessarily need to meet the criteria of the three tests that Samsung advocated for in *NuCurrent*.

Thus, like Samsung's unduly narrow interpretation of the law, the district court abused its discretion when it determined that "the validity of the patents at issue in no way affects whether Samsung impermissibly accessed or used information deemed confidential under the Agreement."² Appx8. In this regard, in focusing on "confidential[ity]," the district court seems to have been influenced (at Samsung's urging) by the ruling of the SDNY in denying NuCurrent's post-transfer motion to enjoin Samsung from participating in IPRs. But in that case, the NDA had expired and the FSC did not remain viable as a standalone obligation and instead was only relevant post-expiration with respect to the limited confidentiality obligations that survived the NDA's expiration. Thus, the SDNY's analysis in *NuCurrent* did not turn on whether the IPRs were "related to" the NDA or the contemplated transactions because the FSC largely had expired.

Samsung argues that because the IPRs concern validity and not infringement, and relatedly, because there is no patent license, the IPRs are not "related to" the

² For the same reason, Samsung's argument that Kannuu's statement in opposing Samsung's motion for stay of the district court action that "resolution of the IPRs will have 'no impact on the breach of contract issues'" (RB14) is misplaced. As explained herein, the "relate to" standard under New York law does not require that resolution of the claims at-issue affect claims directly arising under the agreement containing the FSC.

NDA. RB8, 13, 15-19. This argument is mistaken, because *in this particular instance*, the validity of the patents-in-suit is directly related to the NDA, as Samsung used confidential information to copy Kannuu's inventions, and this fact is central to the validity determination. Thus, the FSC would apply both to infringement and validity, and does not turn on the existence of an underlying patent license. *See, e.g., HMS Holdings Corp. v. Moiseenko*, 2015 WL 7291242, 2015 N.Y. Misc. LEXIS 4136, at *11 (N.Y. Sup. Ct. Nov. 13, 2015) (applying forum-selection clause where "the cause of action for trade secret misappropriation is premised largely upon the same operative facts as the unasserted breach-of-contract claim"); *Tourtellot v. Harza Architects, Engrs. & Constr. Mgrs.*, 55 A.D.3d 1096, 1097-98, 866 N.Y.S.2d 793 (App. Div. 2008) (rejecting the defendant's claim that the forum-selection clause "was never intended to apply to third-party claims in personal injury and products liability actions" since the "forum selection clause does not turn on the type or nature of the dispute . . . rather, it applies to 'any dispute arising under or in connection with' their agreement"); *Couvertier v. Concourse Rehab. & Nursing, Inc.*, 985 N.Y.S.2d 683, 684 (App Div. 2014); *Coregis Ins. Co. v. Am. Health Found.*, 241 F.3d 123, 128-29 (2d Cir. 2001); *Direct Mail*, 2000 WL 1277597, at *6; *Cuno*, 2005 WL 1123877, at *5.

Indeed, Samsung argued as much in *NuCurrent* when it asserted that "the . . . FSC is 'Broad' and Covers All Statutory Claims," never implying in its brief that

somehow the FSC was not applicable to statutory claims based on validity, such as an IPR proceeding. Samsung Transfer Motion at 8.

Logically, the copying issue is even more closely related to the invalidity issues than the infringement issues because the obviousness issues cannot be resolved with addressing the secondary considerations (including copying), whereas the copying is irrelevant to infringement and only comes into play *after* a finding of infringement for purposes of determining whether any infringement was willful.

Samsung further argues that because the IPRs “concern claims of invalidity on anticipation grounds in addition to obviousness,” the IPRs somehow do not “relate to” the NDA. RB13. Of course, this argument again directly contradicts Samsung’s position in *NuCurrent*, which turned on the factual allegation of willfulness. Samsung Transfer Motion at 16-17. And even assuming *arguendo* that a dispute about anticipation would not fall under the FSC, under New York law including in the proceeding claims that are not covered by the FSC does not defeat application of the FSC to the proceeding where it also includes covered claims. Samsung Transfer Motion at 16-17.

Samsung’s additional arguments—that copying does not require breach, that there is no evidence of copying, that Kannuu did not break off discussions, that Kannuu identifies no specific copied product, and that there is no nexus sufficient to show copying—are all meritless for similar reasons. They not only ignore the law—

indeed, the law as argued by Samsung in *NuCurrent*—but also ignore the facts as offered by Kannuu (again, which this Court must take as true). *See supra*, n.1.

In sum, like Samsung, the district court failed to give the term “related to” the “broad” scope required under New York law. Specifically, the district court wrongly ignored the ways in which the IPRs are related to the NDA—as amply indicated by Samsung’s own arguments in *NuCurrent*—thereby abusing its discretion.

Moreover, the IPRs do not need to “relate” only to the NDA itself for the FSC to be effective. The FSC applies to “[a]ny legal action, suit, or proceeding . . . relating to . . . the *transactions contemplated*” by the NDA. Appx445, ¶15 (emphasis added). Samsung argues that the only transaction contemplated by the NDA was “allowing the parties to freely exchange confidential information without fear of theft or disclosure of that information by the other party.” RB1. But Samsung ignores the fact that the NDA itself states that the purpose of the NDA was to further a “business relationship between the parties.” Appx443 (preamble). It is undisputed that the specific “business relationship” that was contemplated was a patent license, and Samsung is wrong to suggest that the IPRs are unrelated to that contemplated “business relationship.”

Although Samsung acknowledges that the parties were engaged in patent licensing discussions (*see, e.g.*, RB8 (“Kannuu claims that the parties discussed potential licensing. While true, . . .”)), the district court never acknowledged

Kannuu's evidence that the parties contemplated a potential license agreement or any other business relationship. Appx8-9. Even leaving aside all of the other issues, this mistake alone is clear error warranting reversal.

Although the "business relationship" was expressly set forth in the NDA, Samsung's argument also fails because Samsung mistakenly alleges that the phrase "transactions contemplated hereby" in the FSC requires that those transactions be expressly contained within the four corners of the NDA. RB15-18.³ Like its earlier arguments, this proposition rests on a misunderstanding of the applicable law. First, Samsung cites *Discover Growth Fund v. 6D Glob. Techs. Inc.*, No. 15-CV-7618 PKC, 2015 WL 6619971, at *9 (S.D.N.Y. Oct. 30, 2015), stating that this case supports "well-established New York law [that] the transactions [are] actually addressed in the agreement itself." RB16. *Discover Growth Fund* states nothing of the sort. Rather, *Discover Growth Fund* concerns whether the defendant breached a representation and warranty in a Stock Purchase Agreement, which stated in relevant part, "nor is there any pending or, to the Company's knowledge threatened, proceeding or investigation which may have the effect of prohibiting or adversely affecting any of the transactions contemplated by this Agreement." *Id.* at *8.

³ In its response brief, Samsung repeatedly refers to "transactions contemplated herein" and "transactions contemplated therein" (e.g., RB1; RB7; RB18), but the NDA states "transactions contemplated hereby," not "herein" or "therein." Appx213; Appx217; Appx1018.

Importantly, the district court stated it would read “transactions contemplated by” narrowly precisely because of other clauses in the Agreement, including Clause II.C, which stated, “[t]he *consummation of the transactions contemplated by this Agreement* (‘Closing’) is subject to the satisfaction of each of the following conditions.” *Id.* at *9 (emphasis added). Based on the fact that Clause II.C referred to the “consummation of the transactions,” the court found that “transactions contemplated . . . must refer to a specific and finite exchange and not continuing and/or future dealings.”⁴ *Id.* Contrary to Samsung’s assertion, nowhere in the opinion did the court hold that the phrase “transactions contemplated hereby” was in general solely limited to transactions explicitly recited in the agreement. *Id.* Even so, like in *Discover Growth Fund*, a patent license in the instant case was contemplated at the time the parties entered into the NDA, and not afterwards, and therefore falls within the scope of the FSC.

Samsung’s characterization of *Wilson v. Dantas*, 40 Misc. 3d 1236(A), 977 N.Y.S.2d 671 (N.Y. Sup. Ct. 2013), 2013 WL 4747197 at *4, is also incorrect. Like *Discover Growth Fund*, the court in *Wilson* relied heavily on the unique fact that

⁴ Samsung similarly misreads *IMO Indus., Inc. v. Sierra Int’l, Inc.*, No. CIV. A. 18783, 2001 WL 1192201, at *2 (Del. Ch. Oct. 1, 2001), which held that “transaction[] contemplated by the agreement” was limited to “transactions occurring at closing” rather than those occurring after closing, particularly given other clauses in the Agreement. Like *Discover Growth Fund*, this opinion never held that “transaction[] contemplated hereby” is generally restricted to those transactions explicitly recited in the agreement. *See id.*

there were two agreements at-issue, one with a forum-selection clause requiring suit in New York (the “Operating Agreement”) and another with a forum-selection clause requiring suit in the Cayman Islands (the “SH Agreement”). *Id.* at *3-*4. Because the court found that the “transaction” at-issue was clearly set forth in the SH Agreement and was clearly absent from the Operating Agreement, the New York forum-selection clause was not effective. In essence, the *Wilson* court was faced with a choice of one clause versus another.

In fact, contrary to Samsung’s assertions, New York doctrine is clear that forum-selection clauses that use the language “aris[e] out of or [are] based upon [the agreement] or the transactions contemplated [t]hereby” are “not restricted to pure breaches of the contracts containing the clauses” but also “cover[] . . . related . . . claims.” *Int’l Equity Invs., Inc. v. Opportunity Equity Partners Ltd.*, 475 F. Supp. 2d 450, 453 (S.D.N.Y. 2007) (quoting in part *Roby v. Corporation of Lloyd’s*, 996 F.2d 1353, 1361 (2d Cir. 1993)). As the court stated in *International Equity Investments*, “the question whether a claim arises out of or is based upon the [agreement] or the transactions contemplated by it turns on the closeness of the nexus between the claim and the [agreement] or the transactions it contemplated.” *Int’l Equity*, 475 F. Supp. 2d at 454; *see also Roby*, 996 F.3d at 1361 (“There is ample precedent that the scope of clauses similar to those at issue here is not restricted to pure breaches of the contracts containing the clauses.”).

In this regard, Samsung's argument that the fact the NDA states it is not a patent license means that no such agreement was contemplated under the NDA is a logical non sequitur. RB17. Of course, there is no dispute that the NDA did not somehow *effectuate* a patent license; at the same time, there is no dispute that the reason the parties entered into the NDA was to exchange confidential information regarding a *contemplated* patent license. Appx2-3; Appx48-49. Given that the contemplated patent license pertained to the patents-at-issue in the IPRs, the IPRs relate to transactions contemplated under the NDA.

Because the FSC is applicable to the IPRs, the likelihood of success factor favors Kannuu.

B. Samsung Has Not Rebutted Kannuu's Argument Regarding Irreparable Harm.

Samsung argues that Kannuu will not suffer irreparable harm absent an injunction "because the invalidation of an invalid patent is not a cognizable legal injury." RB21. But Kannuu never argued that the potential invalidation of its patents constitutes irreparable harm. Indeed, Kannuu's patents still face that risk in the district court. Kannuu suffers irreparable harm by having the validity of its issued patents challenged *in an unbargained-for forum*. In *Gen. Protecht Grp., Inc. v. Leviton Mfg. Co.*, this Court recognized as much by affirming the district court decision that a party would be irreparably harmed as a matter of law if it were

“deprived of its bargained-for forum.” *See Gen. Protecht Grp., Inc. v. Leviton Mfg. Co., Inc.*, 651 F.3d 1355, 1365 (Fed. Cir. 2011).

Samsung tries to distinguish *Gen. Protecht* because it concerned an ITC proceeding not a PTAB proceeding. RB23. Not only did the district court in *Dodocase* find this distinction immaterial, but Samsung’s argument weighs in favor, not against, a finding of irreparable harm. *See Dodocase VR, Inc. v. MerchSource, LLC*, Case No.17-cv-07088-EDL, 2018 U.S. Dist. LEXIS 48654, at *35 (N.D. Cal. Mar. 23, 2018), *aff’d* 767 F. App’x 930 (Fed. Cir. 2019). The ITC is not another forum for litigation of all patent issues between parties as Samsung suggests. RB23. As this Court has held, “the ITC’s determination of patent infringement and validity do not have claim or issue preclusive effect even if affirmed by our court.” *See Hyosung TNS Inc. v. ITC*, 926 F.3d 1353, 1358 (Fed. Cir. 2019). In other words, the ITC cannot invalidate a patent whereas the PTAB can. Hence, the harm to Kannuu is even greater in this case than in *Gen. Protecht* because Samsung seeks to have validity issues decided in an unbargained-for forum that can actually decide patent validity as opposed to one that cannot. Thus, contrary to what Samsung claims, having the PTAB determine the validity of Kannuu’s patents does constitute irreparable injury because the parties agreed to have validity issues decided in New York federal court, not the PTAB.

Moreover, Samsung admits that the settlement agreement at issue in *Gen. Protecht* was narrower than the NDA because the agreement contained a covenant not to sue for patent infringement. RB23. In addition, the *Gen. Protecht* forum-selection clause only covered disputes “relating to or arising out of” the settlement agreement. See *General Protecht Group, Inc. v. Leviton Mfg. Co.*, 651 F.3d 1355, 1358 (2011). The “transactions contemplated hereby” language of the FSC makes it far broader than the *Gen. Protecht* forum-selection clause and it covers “[a]ny legal action, suit, or proceeding,” including the PTAB proceedings. Appx445 (emphasis added).

Kannuu also will suffer irreparable harm by litigating at the PTAB because it will be denied trial by jury, the presumption of validity, and the robust discovery tools offered in the district court. Samsung’s argument that Kannuu will suffer no harm because Congress created the PTAB with different rules misses the point—the parties never agreed to litigate disputes relating to the NDA or the transactions contemplated by the NDA at the PTAB. RB22. Tellingly, Samsung completely ignores and indeed has no answer to the fact that Samsung knew that it was giving up its ability to pursue IPRs at the PTAB because it executed the NDA after the enactment of the AIA. BB27.⁵

⁵ Samsung’s amici argue that it would “defy logic” for Samsung to have drafted the FSC to preclude IPR challenges, but that is incorrect. Samsung would have an

The harm to Kannuu of litigating at the PTAB is compounded by the additional expense and delay created by the IPRs. Samsung's contention that Kannuu does not claim any particular hardship from this additional harm is incorrect. RB24. Kannuu expressly argued such hardship in its Opening Brief and to the district court. BB28-29; Appx10. Samsung also incorrectly suggests that *Dodocase* found irreparable harm based on "the fact that Dodocase was a small company with limited employees and resources." RB23. But the district court in *Dodocase* recognized that "the fundamental irreparable harm caused by requiring Plaintiff to simultaneously litigate on two fronts . . . and under different rules instead of preventing Plaintiff from obtaining the benefit of its contracted-for exclusive dispute resolution process." *Dodocase*, 2018 U.S. Dist. LEXIS 48654, at *35, *aff'd* 767 F. App'x 930 (Fed. Cir. 2019).

Samsung contends that Kannuu's assertion of irreparable harm is undermined by the timing of Kannuu's motion for a preliminary injunction. RB24-25. Kannuu,

incentive to draft the FSC broadly to bar other proceedings, such as ITC actions, and thus it would not be illogical for Samsung to have intended the FSC to operate broadly. In any event, Samsung has submitted no parol evidence in favor of its position that the FSC was intended to operate narrowly, nor would such evidence be admissible, since there is no ambiguity in this clause. *See, e.g., Schron v. Troutman Sanders LLP*, 20 N.Y.3d 430, 436-37 (2013) ("Parol evidence—evidence outside the four corners of the document—is admissible only if a court finds an ambiguity in the contract.").

however, promptly raised the issue in the PTAB and sought injunctive relief as soon as the PTAB declined to address the issue. Thus, Kannuu's motion was timely.

Contrary to Samsung's suggestion that the stay of the district court action mitigates the harm to Kannuu, the stay exacerbates the harm as it is delaying resolution of Kannuu's claims against Samsung, including claims that need to be adjudicated regardless of the outcome of the IPRs.

Samsung also argues that the harm to Kannuu "likely would be moot" (RB26) if the only action remaining for the PTAB to take will be issuance of its decision. Samsung's argument ignores the fact that any final written decision likely would be followed by an appeal and then possibly further proceedings in the PTAB, which will subject Kannuu to further delay and expense. A preliminary injunction against Samsung's participation in an appeal and further proceedings would very likely have a material effect on the outcome and could lead to the termination of the IPRs. Thus, the harm to Kannuu would not be moot.

C. Samsung Has Not Rebutted Kannuu's Showing Regarding The Balance Of Hardships.

The district court's analysis of the balance of hardships consisted of a single paragraph in which the district court concluded that because the IPRs do not fall within the FSC Kannuu suffers no hardship whereas Samsung would be foreclosed from participating in the IPRs. Samsung does not deny that if the FSC applies to the

IPRs, then the district court's analysis is erroneous. Because the district court's premise is erroneous, this is yet another reason to reverse the denial of the injunction.

Moreover, Samsung cannot deny that it already has benefited from fully participating in the IPRs, mitigating any harm to Samsung from being enjoined from further participation.

In any event, Samsung cannot credibly claim that it will suffer substantial harm by losing its right to continue to pursue relief against Kannuu's patents at the PTAB because that is exactly what Samsung bargained away nine years ago when it executed the NDA. Samsung does not even bother to defend the district court's reasoning that an injunction will cause Samsung to lose its right to pursue an IPR under 35 U.S.C. § 315(b). Indeed, such an argument would be futile because in *Dodocase*, both the district court and this Court found the argument unpersuasive. *Dodocase*, 2018 U.S. Dist. LEXIS 48654, at *38, *aff'd* 767 F. App'x 930, 935 (Fed. Cir. 2019). Instead, Samsung tries to distinguish *Dodocase* and *General Protecht* because they involved patent licenses. RB27. Yet, Samsung cites no authority that the nature of the agreement determines what the FSC covers as opposed to the language of the FSC itself. Because the FSC applies to the IPRs, Samsung cannot claim any hardship by being forced to litigate the parties' dispute in New York as agreed.

D. Samsung Has Not Rebutted Kannuu’s Showing Regarding The Public Interest.

Samsung acknowledges that the district court’s finding on this factor was based on the district court’s conclusion that the FSC does not apply to the IPRs. Thus, like the other factors, the district court’s finding on this factor is clearly erroneous given that the district court was mistaken about the scope of the FSC.

As a fallback position, Samsung argues that the FSC cannot be read to cover IPRs without a “clear statement of intent to waive such proceedings.” RB28. Samsung’s argument fails for the reasons described below in Section II.

II. SAMSUNG’S “CLEAR STATEMENT” ARGUMENT IS WITHOUT MERIT

A. Samsung Waived Its “Clear Statement” Argument.

Samsung’s response brief argues that, “[t]here must be a clear statement of the parties’ intent to apply the FSC to IPR proceedings” RB28. The first problem with Samsung’s argument is that Samsung never made this argument in the district court. In a footnote, Samsung tries to shoehorn its new argument into the entirely different argument that it made in the district court, contending that the “clear-statement rule” that it raises here for the first time is merely a “different implication” of the public policy issue it raised in the district court. RB29 n.4. That is nonsense. Samsung’s argument in the district court was that no FSC could bar IPR challenges, regardless of how explicit the FSC is. Recognizing the

indefensibility of its position, Samsung makes an entirely new argument that turns on whether this particular FSC is sufficiently clear. But challenging the enforceability of all contractual clauses that waive the right to an IPR is clearly different from asserting that a contract should not be allowed to select a different forum unless it is sufficiently clear. The former argument would void an entire class of promises while the latter argument advocates for a new rule to interpret forum-selection clauses.

This Court should not allow Samsung to raise this brand new “clear statement” argument on appeal. *See Sage Prods., Inc. v. Devon Indus., Inc.*, 126 F.3d 1420, 1426 (Fed. Cir. 1997) (“In short, this court does not ‘review’ that which was not presented to the district court.”); *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); *see also United States v. Sineneng-Smith*, 140 S. Ct. 1575, 1579 (2020) (“[parties represented by competent counsel] . . . are responsible for advancing the facts and argument entitling them to relief.”) (internal citations omitted).

In sum, Samsung waived this “clear statement” argument by failing to raise it below.

B. Regardless, The “Clear Statement” Rule Does Not Apply To Forum-Selection Clauses

Even if the court were to consider Samsung's "clear statement" argument, the legal rule that Samsung proffers does not apply to forum-selection clauses. Samsung merely points out that a waiver of the right to challenge patent validity must be clear and explicit. RB29-31. But the FSC does not require Samsung to waive any substantive right, let alone the right to challenge the validity of Kannuu's patents. The FSC simply requires Samsung to litigate these challenges in federal court in New York. Appx213. Indeed, the answer Samsung filed to Kannuu's complaint in federal court clearly recites validity defenses and its prayer for relief asks for a judgment declaring Kannuu's patent invalid. Appx230; Appx234-236. Not surprisingly, none of Samsung's cited cases even mention a forum-selection clause.

In sum, the clear statement rule does not apply to a forum-selection clause.

C. Even If A "Clear Statement" Rule Applies, It Is Met Here.

Even if for some reason this Court decides that the "clear statement" rule should apply to forum-selection clauses, that standard is met here. The FSC clearly states that it applies to any type of proceeding, not just some types, so long as the subject matter of the dispute falls within the scope of the FSC. Appx213 (clearly stating that the FSC applies to "[a]ny ... proceeding" without limitation as to the type of proceeding) (emphasis added). There is no ambiguity as to whether certain types of proceedings are excluded; rather, the FSC is clear that no types of proceedings were carved out.

III. CONTRACTUAL AGREEMENTS BETWEEN PRIVATE PARTIES TO SELECT AN EXCLUSIVE ARTICLE III COURT TO ADJUDICATE THE VALIDITY OF A U.S. PATENT ARE 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 forum-selection clauses are “presumptively valid” and are fully enforceable “absent some compelling and countervailing reason”). Samsung, although now abandoning its argument below that such clauses are *per se* void, contends that “applying FSCs to IPRs does not substitute one forum for another; it eliminates one additional forum” RB36. Samsung’s amici fault the FSC here because it supposedly violates the principles of *Lear v. Adkins*, appears in a non-disclosure agreement rather than a patent license agreement, and overrides the AIA. AB6-7. None of these arguments are compelling.

First, in *Texas Instruments Inc. v. Tessera, Inc.*, this Court reversed the district court’s denial of a preliminary injunction against an ITC action arising from 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 effectively enjoined an action in “an additional forum” above and beyond a district court. *Id.* at 1332. In other words, because a patent owner may bring an action both in the district court and in the ITC,

Samsung's argument that forum-selection clauses are limited to "substitut[ing]" one forum for another is without merit.

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 a forum-selection clause. 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.

Likewise, the Supreme Court has consistently enforced arbitration clauses even when others have argued that it would be against public policy to do so. *See Epic Sys. Corp. v. Lewis*, 138 S. Ct. 1612 (2018) (enforcing contracts that require employees to arbitrate their disputes individually, and to waive the right to bring a class action); *AT&T Mobility LLC v. Concepcion*, 563 U.S. 333 (2011) (compelling arbitration of cellular telephone contract even though the contract was found unconscionable under California law). Surely, the commitment to litigate in a particular Article III court should be entitled to even more deference than a commitment to resolve disputes through private arbitration. *See* 35 U.S.C. § 294 ("a contract involving a patent or any right under a patent may contain a provision requiring arbitration of any dispute relating to patent validity or infringement").

Second, in *Lear v. Adkins*, the 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 v. Adkins*, 395 U.S. 653, 664 (1969). Unlike the doctrine in *Lear*, the FSC does not bar all validity challenges—rather, it selects an Article III court as the exclusive forum for such challenges. This interpretation is not a misreading of *Lear*, as amici assert. Rather, finding *Lear* applicable in the instant case would require a radical extension of its holding. See, e.g., *Dodocase VR, Inc. v. MerchSource, LLC*, No. 17-CV-07088-EDL, 2018 WL 1475289, at *10 (N.D. Cal. Mar. 26, 2018), *aff’d and remanded*, 767 F. App’x 930 (Fed. Cir. 2019) (same). And when the public policy interests are strong enough, they can preclude all patent validity challenges, as this Court held in *Flex-Foot, Inc. v. CRP, Inc.*, 238 F.3d 1362 (Fed. Cir. 2001). Even still, the cases cited by amici to support their position apply to situations in which validity challenges are barred entirely (AB7), completely unlike the effect of the FSC here.

Third, the fact that the FSC appears in an NDA rather than a patent license agreement is unavailing. In this regard, Kannuu does not argue that all forum-selection clauses in all NDAs would bar the filing of an IPR. Rather, under *the specific language of this particular FSC*—which was drafted by Samsung (Appx443-445) and is not “boilerplate” (*cf.* AB2), particularly when it is applied

against the drafter—and on *the specific facts of this case*—which involve copying by Samsung of confidential information disclosed under the NDA—the IPRs directly relate to the NDA and the “business relationship” contemplated by the NDA. Indeed, Samsung itself relied on this very FSC in another NDA in *NuCurrent* to argue that “the . . . FSC is ‘Broad’ and Covers All Statutory Claims.” Samsung Transfer Motion at 8.

As for the argument that enforcing the FSC would undermine the AIA, that is both alarmist and incorrect. Not all forum-selection clauses are this broad, nor are all forum-selection clauses governed by New York law. Nor is there an allegation of copying in every IPR. In any event, Congress placed substantial limits on the ability to invoke IPR proceedings. For example, under the AIA, a party that files a declaratory-judgment action of invalidity in district court is precluded from using the IPR procedure, as is a party that waits more than a year to institute an IPR after being sued for infringement in district court. *See* 35 U.S.C. § 315(a)(1), (b). Thus, far from creating a universal, immutable right to utilize the IPR procedure, Congress has recognized that the IPR procedure is properly foreclosed in various circumstances in favor of litigating in district court. Thus, there is no reason to think that the AIA precludes parties from voluntarily agreeing to litigate validity disputes in district court rather than in the PTAB.

IV. CONCLUSION

Because the FSC applies to the IPRs, the district court's denial of the preliminary injunction was clearly erroneous. Accordingly, the Court should reverse the district court's order. Moreover, Kannuu explained in its opening brief why this Court should remand this case to the district court with instruction to enter the injunction rather than merely remand for the district court to redo its analysis. Samsung has presented no argument in rebuttal on this score, and Kannuu respectfully requests that this Court order the district court to enter the injunction.

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Respectfully submitted,

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CERTIFICATE OF FILING AND SERVICE

I hereby certify that on this 3rd day of May, 2021, I caused this Reply Brief of Appellant to be filed electronically with the Clerk of the Court using the CM/ECF System, which will send notice of such filing to all registered CM/ECF users:

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