

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.**

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

Additional pages attached

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**5. Related Cases.** Provide the case titles and numbers of any case known to be pending in this court or any other court or agency that will directly affect or be directly affected by this court’s decision in the pending appeal. Do not include the originating case number(s) for this case. Fed. Cir. R. 47.4(a)(5). See also Fed. Cir. R. 47.5(b).

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Samsung Electronics America, Inc. v. Kannu Pty, Ltd. IPR2020-00737 (PTAB)	Samsung Electronics America, Inc. v. Kannu 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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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).<sup>1</sup>

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

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<sup>1</sup> 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.”).<sup>2</sup>

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.*

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<sup>2</sup> 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.

Dated: March 9, 2021

Respectfully submitted,

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# **ADDENDUM**

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<b>Opinion and Order of The Honorable Edgardo Ramos Re: Denying Plaintiff Kannuu’s Motion for Preliminary Injunction, Denying Plaintiff Kannuu’s Motion for Leave to File a Supplemental First Amended Complaint, and Granting Plaintiff Samsung’s Motion to Stay filed January 19, 2021 .....</b>	<b>Appx0001</b>

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

KANNUU PTY LTD.,

Plaintiff,

– *against* –

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

Defendants.

**OPINION AND ORDER**

19 Civ. 4297 (ER)

RAMOS, D.J.:

Kannuu Pty, Ltd. (“Kannuu”) filed this suit against Samsung Electronics Co., Ltd. and Samsung Electronics America, Inc. (collectively, “Samsung”) for patent infringement and breach of contract. Samsung subsequently petitioned the Patent Trial and Appeal Board (“PTAB”) for *inter partes* review (“IPR”) of the patents at issue in the instant suit. Pending before the Court are Kannuu’s motions (1) for preliminary injunction, which seeks to enjoin Samsung from pursuing IPR, and (2) for leave to file its supplemental First Amended Complaint, which seeks to add a claim for breach of the forum selection clause in the parties’ non-disclosure agreement, and Samsung’s motion to stay the instant suit pending resolution of the IPR proceedings. Docs. 54, 61, and 78.

For the reasons set forth below, Kannuu’s motion for preliminary injunction and motion for leave to file a supplemental First Amended Complaint are DENIED, and Samsung’s motion to stay is GRANTED.

**I. BACKGROUND**

**A. Factual Background**

Kannuu is an Australia-based start-up company that developed search-and-navigation technology for various media-related products, including Smart TVs and Blu-ray players. Doc. 29 ¶ 24. Kannuu’s technology allowed consumers to use a four-

direction navigation pad on remote controls to search for information or media content on their media devices. *Id.* ¶ 25. Samsung is an electronics manufacturing company that produces, among other things, Smart TVs and Blu-ray DVD players. *Id.* ¶¶ 25, 40. On March 6, 2012, Kannuu received an inquiry from Samsung regarding its search-and-navigation technology, and Kannuu soon after presented an overview of its product to Samsung. *Id.* ¶¶ 26–28.

On April 5, 2012, Kannuu and Samsung Electronics America, Inc. entered into a non-disclosure agreement (the “Agreement”) to further the parties’ business relationship and to protect unauthorized disclosure of information deemed confidential by the parties. Doc. 29-6 at 2. The Agreement provides that

[e]ach party recognizes and agrees that nothing contained in this Agreement will be construed as granting any rights to the receiving party, by license or otherwise, to any of the Confidential Information disclosed by the disclosing party except as specified in this Agreement. . . . Nothing in this Agreement shall be deemed to grant to either party a license under the other party’s copyrights, patents, trade secrets, trademarks[,] or other intellectual property rights.

*Id.* ¶ 8.

The Agreement’s obligations begin on April 5, 2012 and, generally, continue for two years from that date. *See id.* ¶ 13. However, the Agreement also states that “obligations regarding Confidential Information will survive the expiration . . . of this Agreement for the period set forth in Section 3 of [the] Agreement.” *Id.* Under section 3, the parties agree that, for a period of five years from the date of disclosure of confidential information, they “will (i) hold the Confidential Information disclosed by the other party in confidence, (ii) not disclose such Confidential information to any one other than” representatives of the recipient party, “and (iii) not use Confidential information for any purpose except for” furthering the business relationship between the parties. *Id.* ¶ 3. The

Agreement also contains a forum selection clause, which requires that any legal action, suit, or proceeding “arising out of or relating to [the] 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.” *Id.* ¶ 15.

After over a year of presentations and information transfers from Kannuu to Samsung regarding Kannuu’s technology, Samsung informed Kannuu on July 1, 2013 that it was no longer interested in adopting Kannuu’s technology. Doc. 56-24 ¶ 7. Kannuu unsuccessfully attempted to reengage Samsung in licensing discussions over the next few months. Doc. 29 ¶¶ 59–60. According to Kannuu, Samsung continued to access Kannuu’s proprietary technology during that time, in violation of the Agreement. Doc. 56-24 ¶¶ 8–9. As an example, Kannuu alleges that, on July 8, 2013, Samsung impermissibly accessed over 2,500 times the demonstration platforms Kannuu had built for Samsung’s evaluation of Kannuu’s technology. *Id.* ¶ 9; *see also* Doc. 29 ¶¶ 58, 241. On November 14, 2013, Kannuu held its last meeting with Samsung to try to reach an agreement regarding a patent license. Doc. 29 ¶ 70. Samsung ultimately determined not to adopt Kannuu’s technology.

### **B. Procedural History**

On May 10, 2019, Kannuu filed the instant complaint, asserting that Samsung infringed four of Kannuu’s patents: the ’393 patent, ’852 patent, ’354 patent, and ’264 patent. Doc. 1. Specifically, Kannuu alleges that various Samsung Smart TVs and Blue-Ray DVD players incorporate Kannuu’s technology associated with those patents. *Id.* Kannuu also brought a claim for breach of the Agreement, alleging that Samsung continued to access Kannuu’s propriety technology for a purpose prohibited by the Agreement while it was still in effect. *Id.* On October 1, 2019, Kannuu filed its First

Amended Complaint, adding claims that Samsung infringed the '579 patent. Doc. 29. On October 15, 2019, Samsung filed its answer to Kannuu's First Amended Complaint, consenting to personal jurisdiction and venue in this Court. Doc. 35.

On March 17, 2020, Samsung petitioned the PTAB for IPR of all claims of the five patents at issue in the instant suit, arguing that the patents are invalid as obvious and not novel. Docs. 56-1, 56-2, 56-3, 56-4, and 56-5. On September 22, 2020, the PTAB denied institution of review for the '264, '852, and '579 patents. Docs. 56-11, 56-12, and 56-13. On September 23, 2020, the PTAB granted review of the '354 and '393 patents. Docs. 56-14 and 56-15. On October 7, 2020, Kannuu filed a request for rehearing, along with a request for precedential panel review, seeking a ruling that the PTAB can and should use its discretion to consider whether the Agreement's forum selection clause bars the PTAB from reviewing the patents at issue; those requests remain pending. *See* Docs. 56-17 and 56-18.

Following a pre-motion conference, Kannuu filed the instant motion for preliminary injunction on October 21, 2020. Doc. 54. On October 23, 2020, Samsung filed the instant motion to stay litigation pending resolution of the IPR proceedings. Doc. 61. And on November 20, 2020, Kannuu filed the instant motion for leave to supplement the First Amended Complaint by adding a claim for breach of the Agreement's forum selection clause. Doc. 78.

## **II. DISCUSSION**

### **A. Motion for Preliminary Injunction**

#### *1. Legal Standard*

“[A] preliminary injunction is an extraordinary and drastic remedy, one that should not be granted unless the movant, by a *clear showing*, carries the burden of

persuasion.” *Mazurek v. Armstrong*, 520 U.S. 968, 972 (1997) (quoting 11A Charles Alan Wright, Arthur R. Miller, & Mary Kay Kane, *Federal Practice and Procedure* § 2948 (2d ed. 1995)). A party seeking a preliminary injunction must show

(1) a likelihood of success on the merits or . . . sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly in the plaintiff’s favor; (2) a likelihood of irreparable injury in the absence of an injunction; (3) that the balance of hardships tips in the plaintiff’s favor; and (4) that the public interest would not be disserved by the issuance of an injunction.

*Benihana, Inc. v. Benihana of Tokyo, LLC*, 784 F.3d 887, 895 (2d Cir. 2015) (quotation omitted).

## 2. Analysis

### i. Likelihood of Success on the Merits

A district court may grant a preliminary injunction restraining a party from prosecuting a petition before the PTAB where the parties have a valid and enforceable forum selection clause that forecloses that forum. *Dodocase VR, Inc. v. MerchSource LLC*, 767 F. App’x 930, 934–36 (Fed. Cir. 2019). To determine whether a forum selection clause is valid and enforceable, a court must determine:

(1) whether the clause was reasonably communicated to the party resisting enforcement; (2) whether the clause is mandatory or permissive, i.e., . . . whether the parties are required to bring any [] dispute to the designated forum or simply *permitted* to do so; and (3) whether the claims and parties involved in the suit are subject to the forum selection clause.

*NuMSP, LLC v. St. Etienne*, 462 F. Supp. 3d 330, 343 (S.D.N.Y. 2020) (quoting *Martinez v. Bloomberg LP*, 740 F.3d 211, 217 (2d Cir. 2014)). Where a court must “determine whether a particular forum selection clause is mandatory or permissive . . . or whether its scope encompasses the claims or parties involved in a certain suit,” it must “apply the law

contractually selected by the parties.” *Martinez*, 740 F.3d at 218 (citation omitted). “If the forum clause was communicated to the resisting party, has mandatory force[,] and covers the claims and parties involved in the dispute, it is presumptively enforceable.” *Id.* at 217 (quoting *Phillips v. Audio Active Ltd.*, 494 F.3d 378, 383 (2d Cir. 2007)).

It is undisputed that the forum selection clause was reasonably communicated to Kannuu and that it is mandatory; instead, Samsung argues that the third prong is not satisfied. Regarding that prong, the Agreement specifies that it shall be governed by New York law. Doc. 29-6 ¶ 15. Under New York law, “a fundamental objective of contract interpretation is to give effect to the expressed intention of the parties.” *In re MPM Silicones, L.L.C.*, 874 F.3d 787, 795 (2d Cir. 2017). New York courts thus must construe a contract “in accordance with the parties’ intent, which is generally discerned from the four corners of the document itself.” *Luitpold Pharms., Inc. v. Ed. Geistlich Söhne A.G. Für Chemische Industrie*, 784 F.3d 78, 87 (2d Cir. 2015) (quoting *MHR Cap. Partners LP v. Presstek, Inc.*, 912 N.E.2d 43, 47 (N.Y. 2009)). As such, “a written agreement that is complete, clear[,] and unambiguous on its face must be [construed] according to the plain meaning of its terms.” *Greenfield v. Philles Recs., Inc.*, 780 N.E.2d 166, 170 (N.Y. 2002). When a court interprets a contract, “[w]ords and phrases are to be given their plain and ordinary meaning, and New York courts will commonly refer to dictionary definitions in order to determine that meaning.” *BOKF, N.A. v. Caesars Entm’t Corp.*, 162 F. Supp. 3d 243, 246 n.5 (S.D.N.Y. 2016) (quoting *Summit Health, Inc. v. APS Healthcare Bethesda, Inc.*, 993 F. Supp. 2d 379, 390 (S.D.N.Y. 2014)); *see also Universal Am. Corp. v. Nat’l Union Fire Ins. Co. of Pittsburgh, Pa.*, 37 N.E.3d 78, 81 (N.Y. 2015) (relying on dictionary to determine “common definition” of terms in a rider).

The Agreement’s forum selection clause provides that “[a]ny legal action, suit[,] or proceeding arising out of or relating to [the] 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.” Doc. 29-6 ¶ 15. Regardless of whether the IPR proceedings “aris[e] out of” the Agreement or any transactions contemplated thereby, *see* Doc. 55 at 18–19, Kannuu argues that they constitute proceedings that “relat[e] to [the] Agreement or the transactions contemplated” under the Agreement, *see* Doc. 29-6 ¶ 15, thereby falling within the scope of the forum selection clause.

Because the Agreement does not define the words “relating to,” *see id.*, the Court must construe those words according to their plain and ordinary meaning, *see Universal Am. Corp.*, 37 N.E.3d at 81; *see also BOKF, N.A.*, 162 F. Supp. 3d at 246 n.5. The term “related” is defined as “connected by reason of an established or discoverable relation.” *Related*, Merriam-Webster, <https://www.merriam-webster.com/dictionary/related> (last visited Jan. 19, 2021); *see also Coregis Ins. Co. v. Am. Health Found., Inc.*, 241 F.3d 123, 128 (2d Cir. 2001). Courts have also “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.’” *Coregis Ins. Co.*, 241 F.3d at 128–29 (citations omitted); *see also Prod. Res. Grp., L.L.C. v. Martin Pro., A/S*, 907 F. Supp. 2d 401, 414 (S.D.N.Y. 2012). Further, while “[t]he phrase ‘arising out of’ is usually interpreted as indicat[ing] a causal connection,” “[t]he term ‘relating to’ is typically defined more broadly and is not necessarily tied to the concept of a causal connection.” *Coregis Ins. Co.*, 241 F.3d at 128 (quotation omitted); *see also Phillips*, 494 F.3d at 389.

Kannuu argues that the IPR proceedings “relate to” the Agreement or transactions contemplated by the Agreement for three reasons. First, Kannuu asserts that Samsung used confidential information—provided by Kannuu pursuant to the Agreement—in its alleged infringement of the disputed patents. Kannuu argues that, because the alleged infringement resulted in the instant suit that in turn resulted in Samsung filing its petitions before the PTAB, the IPR proceedings relate to the Agreement. Second, Kannuu contends that the IPR proceedings relate to transactions contemplated under the Agreement, noting that the parties sought to allow Samsung to evaluate Kannuu’s

patented technology to determine if the patents at issue merited a license. Third, Kannuu argues that the information Samsung obtained from Kannuu pursuant to the Agreement is relevant to considerations potentially at issue in the IPR proceedings. More specifically, Kannuu notes that considerations of non-obviousness of a patent—such as copying of other designs—must be considered in that review. *See Apple Inc. v. Samsung Elecs. Co., Ltd.*, 839 F.3d 1034, 1048 (Fed. Cir. 2016). Thus, Kannuu contends, the IPR proceedings relate to the instant suit’s allegations that Samsung copied Kannuu’s confidential information.

The Court is unconvinced that the IPR proceedings fall within the scope of the forum selection clause. As an initial matter, those proceedings do not relate to the Agreement itself, as they do not implicate any of the obligations under the Agreement. Indeed, the Agreement notes that nothing in it “shall be deemed to grant to either party a license under the other party’s . . . patents . . . or other intellectual property rights,” and it states that the Agreement does not reflect a commitment to engage in a business relationship. Doc. 29-6 ¶¶ 8–9. Thus, 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. Further, the outcome of the IPR proceedings will not alter the outcome of Kannuu’s claim for breach of the Agreement, as the validity of the patents at issue in no way affects whether Samsung impermissibly accessed or used information deemed confidential under the Agreement. *See Gen. Protecht Grp., Inc. v. Leviton Mfg. Co., Inc.*, 651 F.3d 1355, 1359 (Fed. Cir. 2011); *Prod. Res. Grp., L.L.C.*, 907 F. Supp. 2d at 414–15. Indeed, Kannuu acknowledges as much in its opposition to Samsung’s motion to stay, noting that resolution of the IPR proceedings will have “no impact on the breach of contract issues to be decided by the Court.” Doc. 72 at 10. Because the Agreement implicates confidentiality and not the intellectual property rights of the parties, it is not directly “connected with” or “associated” with the IPR proceedings.

Nor do the IPR proceedings relate to transactions contemplated under the Agreement. Kannuu’s asserted chain between Samsung’s alleged use of confidential information and the resulting IPR proceedings is too attenuated to fall within the plain and ordinary meaning of “relating to.” And although some information that arose from discussions pursuant to the Agreement may be relevant in the IPR proceedings, that does not mean that the proceedings themselves are conceptually linked with transactions under the Agreement. Again, at bottom, the IPR proceedings concern the validity of patents, not confidentiality.

Accordingly, the Court concludes that the IPR proceedings do not “relat[e] to” the Agreement or transactions contemplated under it,<sup>1</sup> and thus do not fall within the scope of the forum selection clause.<sup>2</sup> As such, Kannuu cannot enforce the forum selection clause here.<sup>3</sup>

#### ii. Irreparable Harm

Kannuu argues that it will suffer irreparable harm because, absent an injunction, it will be forced to litigate the same issues—namely, the validity of the ’354 and ’393 patents—in multiple fora at the same time. Most significantly, Kannuu emphasizes that it

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<sup>1</sup> Because the term “arising out of” has a narrower meaning than does “relating to,” the Court likewise concludes that the IPR proceedings do not arise out of the Agreement or the transactions contemplated under it. *See Phillips*, 494 F.3d at 389; *Coregis Ins. Co.*, 241 F.3d at 128–29.

<sup>2</sup> Both parties rely extensively on a recent case in this District, *NuCurrent Inc. v. Samsung Electronics Co., Ltd.*, No. 19 Civ. 798 (DLC), 2019 WL 2776950 (S.D.N.Y. July 2, 2019). Although the non-disclosure agreement in that case contained a forum selection clause identical to the one at issue here, the contractual framework differed from the one in the instant suit, thereby rendering that court’s analysis inapposite. *See id.* at \*1, 4 (noting that the court interpreted the scope of the forum selection clause based on the terms of a separate, related contract not present here). Further, as the district court in *NuCurrent* noted, it did not determine whether the IPR petitions could have been filed before the expiration of the non-disclosure agreement—an issue that neither party here contests. *Id.* at \*2 n.3. In any event, under New York law, a court’s analysis of the language of a contract must be guided primarily by the plain language of the document before it—just as the Court’s analysis is here. *See Luitpold Pharms., Inc.*, 784 F.3d at 87.

<sup>3</sup> Because the Court concludes that the forum selection clause is not enforceable on these facts, it need not and does not determine whether enforcing the clause would be unjust or unreasonable. *See Martinez*, 740 F.3d at 217.

will lose its bargained-for right under the forum selection clause if it is forced to proceed before the PTAB. That loss is all the more critical given differences governing the procedural rules in the PTAB and this Court.<sup>4</sup> Additionally, Kannuu notes that the PTAB and the Court may reach inconsistent results regarding the validity of the patents at issue. Regardless of the outcome of each proceeding, according to Kannuu, the parties will experience inconvenience and disruption by having to expend resources in two different fora.

As noted above, the plain language of the Agreement indicates that the IPR proceedings are not subject to the forum selection clause, so Kannuu is not at risk of losing any bargained-for right under that agreement. Further, the America Invents Act—which establishes the PTAB—provides that an IPR proceeding may be instituted if the petition requesting the proceeding is filed within one year of “the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.” 35 U.S.C. § 315(b). As such, the Act “expressly contemplates that IPR proceedings may run concurrently with patent infringement actions in federal court,” and Samsung is authorized by statute to pursue concurrently this alternative forum. *NuCurrent Inc. v. Samsung Elecs. Co., Ltd.*, 19 Civ. 798 (DLC), 2019 WL 2776950, at \*5 (citing 35 U.S.C. § 315(b)). While Kannuu may be concerned about inconsistent rulings or duplicative proceedings, those factors alone do not rise to the level of irreparable harm, especially in light of the fact that the parties can—and Samsung has—asked for a stay in this proceeding. Thus, Kannuu has failed to show that it will suffer irreparable harm absent a preliminary injunction.

### iii. Balance of the Hardships

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<sup>4</sup> Kannuu notes the lack of a presumption of validity, a lower evidentiary standard, and the more limited scope of discovery in the IPR proceedings as some examples of such procedural rules.

Regarding the balance of hardships, Kannuu again emphasizes that it is suffering a substantial and irreparable harm because of Samsung's alleged breach of the forum selection clause. But as noted, the IPR proceedings do not fall within the scope of the forum selection clause and thus are not barred by the Agreement. As such, Kannuu suffers from no hardship beyond simply litigating the patent validity in two fora—a situation that can be remedied by requesting a stay in one of the proceedings, as here. By contrast, the issuance of a preliminary injunction would likely bar Samsung from pursuing relief before the PTAB at all, foreclosing a proceeding that Congress explicitly permitted. *See* 35 U.S.C. § 315(b). Accordingly, Kannuu has failed to show that the balance of the hardships tilts in its favor.

iv. Public Interest

Kannuu has also failed to show that a preliminary injunction would disserve the public interest. Kannuu notes that the U.S. Supreme Court has recognized that public policy favors enforcing forum selection clauses. *See, e.g., Atl. Marine Constr. Co. v. U.S. Dist. Ct. for W. Dist. of Texas*, 571 U.S. 49, 63–64 (2013). Certainly, the Supreme Court has made “clear that courts should weigh the federal policy embodied in the law of intellectual property against even explicit contractual provisions and render unenforceable those provisions that would undermine the public interest.” *Idaho Potato Comm'n v. M & M Produce Farm & Sales*, 335 F.3d 130, 137 (2d Cir. 2003) (citing *Lear, Inc. v. Adkins*, 395 U.S. 653, 673 (1969)); *see also Rates Tech. Inc. v. Speakeasy, Inc.*, 685 F.3d 163, 168 (2d Cir. 2012). But while the Court must carefully balance the public interest of a valid and enforceable forum selection clause against the public interest in discovering invalid patents, *see Rates Tech. Inc.*, 685 F.3d at 168, that balancing of interests is irrelevant where a forum selection clause does not apply to a given case. Because the instant forum selection clause is inapplicable, the public interest favors allowing Samsung to litigate the validity of the patents at issue before the PTAB.

Based on all four factors, Kannuu has failed to show that a preliminary injunction should be issued.

## **B. Motion for Leave to File Supplemental First Amended Complaint**

### *1. Legal Standard*

Rule 15 of the Federal Rules of Civil Procedure allows a party to amend its complaint pursuant to the other party's written consent or the court's leave. Fed. R. Civ. P. 15. Rule 15(d) states that "the court may, on just terms, permit a party to serve a supplemental pleading setting out any transaction, occurrence, or event that happened after the date of the pleading to be supplemented." *Id.* Further, it provides that "[t]he court may permit supplementation even though the original pleading is defective in stating a claim or defense." *Id.* Notably, "Rule 15(d) 'reflects a liberal policy favoring a merit-based resolution of the entire controversy between the parties.'" *Altowaiti v. Cissna*, No. 18 Civ. 508 (ER), 2020 WL 2036703, at \*3 (S.D.N.Y. Apr. 28, 2020) (quoting *Witkovich v. Gonzales*, 541 F. Supp. 2d 572, 590 (S.D.N.Y. 2008)).

"Where the plaintiff seeks to add related claims against the same defendants, the analysis used to determine whether supplementation is appropriate under Rule 15(d) is identical to the analysis used to determine whether amendment is appropriate pursuant to Rule 15(a)." *Kleeberg v. Eber*, 331 F.R.D. 302, 315 (S.D.N.Y. 2019). Under Rule 15(a), "a motion to amend should be denied only if the moving party has unduly delayed or acted in bad faith, the opposing party will be unfairly prejudiced if leave is granted, or the proposed amendment is futile." *See Agerbrink v. Model Serv. LLC*, 155 F. Supp. 3d 448, 452 (S.D.N.Y. 2016).

### *2. Analysis*

A Rule 15(d) motion "may be denied based on futility when it is 'beyond doubt that the plaintiff can prove no set of facts in support of [its supplemental] claims.'" *See Bodum Holding AG v. Starbucks Corp.*, No. 19 Civ. 4280 (ER), 2020 WL 6135714, at \*4 (S.D.N.Y. Oct. 16, 2020) (quoting *Pangburn v. Culbertson*, 200 F.3d 65, 71 (2d Cir.

1999)). The non-moving party bears the burden of establishing the proposed supplemental pleading's futility. See *Ithaca Cap. Invs. I S.A. v. Trump Panama Hotel Mgmt. LLC*, 450 F. Supp. 3d 358, 377 (S.D.N.Y. 2020). To determine whether a proposed pleading is futile, courts analyze whether it would withstand a motion to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(6). *Agerbrink*, 155 F. Supp. 3d at 456.

“To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). A claim is facially plausible “when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Id.* (citing *Twombly*, 550 U.S. at 556). The plaintiff must allege sufficient facts to show “more than a sheer possibility that a defendant has acted unlawfully.” *Id.* (citing *Twombly*, 550 U.S. at 556). However, this “flexible plausibility standard” is not a heightened pleading standard, *In re Elevator Antitrust Litig.*, 502 F.3d 47, 50 n.3 (2d Cir. 2007) (quotation omitted), and “a complaint . . . does not need detailed factual allegations” to survive a motion to dismiss, *Twombly*, 550 U.S. at 555.

The question on a motion to dismiss “is not whether a plaintiff will ultimately prevail but whether the claimant is entitled to offer evidence to support the claims.” *Sikhs for Just. v. Nath*, 893 F. Supp. 2d 598, 615 (S.D.N.Y. 2012) (quoting *Village Pond, Inc. v. Town of Darien*, 56 F.3d 375, 368 (2d Cir. 1995)). Indeed, “the purpose of Federal Rule of Civil Procedure 12(b)(6) is to test, in a streamlined fashion, the formal sufficiency of the plaintiff’s statement of a claim for relief without resolving a contest regarding its substantive merits” or “weigh[ing] the evidence that might be offered to support it.” *Halebian v. Berv*, 644 F.3d 122, 130 (2d Cir. 2011) (quotations omitted). Thus, when ruling on a motion to dismiss pursuant to Rule 12(b)(6), the Court accepts all factual allegations in the complaint as true and draws all reasonable inferences in the plaintiff’s

favor. *Nielsen v. Rabin*, 746 F.3d 58, 62 (2d Cir. 2014). Accordingly, when considering a motion to amend or supplement a pleading, a “court must accept as true all well-pleaded facts and draw all reasonable inferences in the moving party’s favor.” *See Agerbrink*, 155 F. Supp. 3d at 456.

Pursuant to Rule 15(d), Kannuu seeks to supplement its First Amended Complaint by adding a claim for breach of the Agreement’s forum selection clause. *See* Doc. 79-2. In its motion, Kannuu reasserts the same arguments it made regarding the applicability of the forum selection clause in its motion for preliminary injunction, simply incorporating those arguments by reference and recycling its counterarguments against Samsung. But as noted above, the IPR proceedings do not arise out of or relate to the Agreement or the transactions contemplated under it. As such, the forum selection clause does not bar Samsung from prosecuting its IPR petitions, and Samsung did not violate the Agreement by filing those petitions.

Thus, the Court concludes that Kannuu’s proposed supplemental First Amended Complaint fails to state a claim for breach of the Agreement’s forum selection clause. Accordingly, the Court does not address the remaining factors under Rule 15(d), and denies Kannuu’s motion. *See Bodum Holding AG*, 2020 WL 6135714, at \*7.

### **C. Motion to Stay**

#### *1. Legal Standard*

“District courts have the inherent power to manage their dockets, which includes issuing a stay pending the conclusion of review proceedings before the [PTAB].” *Rovi Guides, Inc. v. Comcast Corp.*, No. 16 Civ. 9278 (JPO), 2017 WL 4876305, at \*3 (S.D.N.Y. Oct. 27, 2017) (quoting *Straight Path IP Grp., Inc. v. Verizon Commc’ns Inc.*, No. 16 Civ. 4236 (AJN), 2016 WL 6094114, at \*2 (S.D.N.Y. Oct. 18, 2016). “Courts in this District consider three factors in determining whether a stay pending resolution of IPR proceedings is appropriate: (1) whether a stay will simplify the issues in question and trial of the case; (2) the stage of the proceedings; and (3) whether a stay will

prejudice the nonmoving party.” *Id.* (quoting *Straight Path*, 2016 WL 6094114, at \*2). However, these factors are not exclusive, and the Court must ultimately consider the totality of the circumstances. *See id.* “The party seeking the stay bears the burden of demonstrating that such relief is warranted.” *Straight Path*, 2016 WL 6094114, at \*2.

## 2. Analysis

### i. Simplification of Issues

First, the Court must determine whether a stay will simplify the issues in question in the case. Samsung has challenged all claims of the ’354 and ’393 patents, and the PTAB has determined that there is a reasonable likelihood that Samsung will prevail with respect to at least one of the claims challenged in each petition. *See* Docs. 56-14 and 56-15. As such, the PTAB has instituted review on only two of the five patents at issue. Further, the PTAB instituted review on only fourteen of the thirty-seven patent claims identified in the First Amended Complaint.

Samsung argues that, at a minimum, a stay here will simplify the issues regarding the ’354 and ’393 patents. Further, Samsung contends that any future claim construction, infringement, or invalidity rulings by this Court may be guided by the procedural history of and the relevant evidence produced in the IPR proceedings. Samsung also asserts that the ’354 and ’393 patents are closely related to the three non-instituted patents at issue in this suit and, given the subject matter overlap, any outcome from the IPR proceedings will simplify the issues regarding those latter three patents. By contrast, Kannuu asserts that courts regularly deny stays where the PTAB will review fewer than half of the patents and claims at issue. Kannuu also argues that a stay will not simplify the claim construction issues regarding the ’354 and ’393 patents, noting that the PTAB will likely not consider any further claim constructions beyond those already addressed in its decision to institute review of those patents, and any argument that the IPR proceedings will inform the infringement or invalidity rulings is either speculative or contradicted by the decisions already issued by the PTAB. Finally, Kannuu argues that the IPR

proceedings will not simplify issues regarding the three non-instituted patents, as the subject matter of all five patents does not overlap significantly.

Certainly, this factor favors a stay when all claims at issue are subject to IPR proceedings. *See Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1340 (Fed. Cir. 2013); *see also Goodman v. Samsung Elecs. Am., Inc.*, 17 Civ. 5539 (JGK), 2017 WL 5636286, at \*2 (S.D.N.Y. Nov. 22, 2017). After all, “[w]hen a claim is cancelled, the patentee loses any cause of action based on that claim, and any pending litigation in which the claims are asserted becomes moot.” *Goodman*, 2017 WL 5636286, at \*2 (quoting *Fresenius USA, Inc.*, 721 F.3d at 1340). But courts in this District and in other circuits have also concluded that this factor may favor a stay where, as here, the IPR proceedings do not resolve all of the asserted patents or claims in a case. *See Rovi Guides, Inc.*, 2017 WL 4876305, at \*3 (granting stay where four of five asserted patents were subject to IPR proceedings and those proceedings could render moot thirty-seven of the fifty-one claims); *IOENGINE, LLC v. PayPal Holdings, Inc.*, No. 18 Civ. 452 (WCB), 2019 WL 3943058, at \*8–9 (D. Del. Aug. 21, 2019) (collecting cases and concluding that the factor favored a stay where only one of three patents and five of twenty claims at issue in the suit were subject to IPR proceedings); *ACQIS, LLC v. EMC Corp.*, 109 F. Supp. 3d 352, 358 (D. Mass. 2015) (concluding that factor slightly favored stay where two of eleven patents and three of twenty-two claims were under review in the IPR proceedings); *Serv. Sols. U.S., L.L.C. v. Autel.US Inc.*, No. 13 Civ. 10534 (TGB), 2015 WL 401009, at \*3 (E.D. Mich. Jan. 28, 2015) (“[T]he Court is not convinced that a stay is inappropriate merely because only one patent is under review. Though a stay would have greater potential to simplify the issues if all seven patents were involved in the IPR proceeding, this does not mean that a more limited review would not help simplify the case.”); *see also Finjan, Inc. v. FireEye, Inc.*, 13 Civ. 3133 (SBA), 2014 WL 2465267, at \*4 (N.D. Cal. June 2, 2014) (granting stay where three of seven patents-in-suit subject to reexamination). “As those cases make clear, even when IPRs are instituted on fewer than

all the asserted claims, the policies favoring simplification and the reduction of litigation burdens on the parties and the court are often applicable, particularly when the claims that are before the PTAB in an IPR are similar to those that are not.”<sup>5</sup> *IOENGINE, LLC*, 2019 WL 3943058, at \*9.

Although not all patents in the instant suit have been instituted for IPR, the Court concludes that a stay would simplify the issues sufficiently to satisfy this factor. Regarding the ’354 and ’393 patents specifically, if the PTAB cancels Kannuu’s claims under review in the IPR proceedings, it will render moot Kannuu’s claims as to those patents here, reducing the number of issues in the instant case. *Goodman*, 2017 WL 5636286, at \*2. If the PTAB cancels some, but not all, of the claims under review, it would at least narrow the issues before the Court regarding those claims. *See Rovi Guides, Inc.*, 2017 WL 4876305, at \*3. And even if the PTAB upholds all of the patent claims, Samsung “will be estopped from challenging the validity of the claims on any ground that was ‘raised or reasonably could have [been] raised’ during the IPR proceedings,” *id.* (quoting 35 U.S.C. § 315(e)(2)), and the Court “will benefit from the PTAB’s guidance on the construction of certain claim terms” and validity, and its expertise “in this complex field of art is likely to be of considerable assistance to the Court,” *IOENGINE, LLC*, 2019 WL 3943058, at \*10. Thus, at minimum, a stay would simplify issues relating to the ’354 and ’393 patents.

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<sup>5</sup> Kannuu points to a few cases where courts have denied a stay in which all claims cannot be resolved by the IPR proceedings. *See, e.g., Eagle View Techs., Inc. v. Xactware Sols., Inc.*, No. 15 Civ. 7025 (RBK) (JS), 2016 WL 7165695, at \*7–8 (D.N.J. Dec. 7, 2016). However, in those cases, there was no significant overlap between instituted and non-instituted claims, or the balance of all of the stay factors weighed against issuing a stay. In any event, “[t]he decision whether to grant a stay is committed to the district court’s sound discretion, and the court is given considerable leeway in the exercise of its judgment.” *Straight Path*, 2016 WL 6094114, at \*3 (quotation omitted). Thus, even if a court denies a stay where IPR proceedings are instituted on fewer than all asserted claims, that does not necessarily mean that another court abuses its discretion when issuing a stay in similar circumstances.

Further, as Samsung notes, both the instituted and the non-instituted patents in the instant suit are closely related. Four of the five patents—the two instituted patents and the ’579 and ’852 patents—are continuations from the same parent application, and all share the same inventor, title, and specification. *See Finjan, Inc.*, 2014 WL 2465267, at \*4 (noting sufficient overlap where patents-in-suit “share a common ancestry,” “[p]laintiff accuses the same products of infringing all of the patents-in-suit,” and “one of the named inventors overlaps between the reexamination patents and the non-reexamination patents”); *see also IOENGINE, LLC*, 2019 WL 3943058, at \*9. While the ’264 patent is a part of a different patent family, *see* Doc 29-4, the terminology used and methodology described in claim 1 of all five patents overlap substantially, and many of the remaining claims within each patent reference and rely heavily upon the mechanism described in that claim. *See* Docs. 29-1 at 17–18 (the ’393 patent), 29-2 at 17–18 (the ’852 patent), 29-3 at 17 (the ’354 patent), 29-4 at 67–68 (the ’264 patent), and 29-5 at 17–18 (the ’579 patent); *see also* Doc. 63-2. Although Kannuu is correct that the claims and limitations vary across the five patents, “the issue simplification factor does not require complete overlap” between the patents. *IOENGINE, LLC*, 2019 WL 3943058, at \*10 (quotation omitted); *Eagle View Techs., Inc. v. Xactware Sols., Inc.*, No. 15 Civ. 7025 (RBK) (JS), 2016 WL 7165695, at \*7 (D.N.J. Dec. 7, 2016). Based on the “significant overlap” between the patents here, the PTAB’s decision could sufficiently narrow the issues before the Court and guide its analysis regarding the remaining issues in this suit. *See ACQUIS, LLC*, 109 F. Supp. 3d at 357–58.

Kannuu also argues that, even if a stay would simplify the patent issues in the instant suit, it would not simplify the breach of contract claim; thus, Kannuu contends, a stay is not warranted. But even if Kannuu is correct that nothing in the IPR proceedings will affect its breach of contract claim, a stay should still be issued. As Samsung notes, Kannuu’s patent claims are the main thrust of this litigation, representing fifteen of the sixteen causes of action Kannuu asserts in its First Amended Complaint. *See* Doc. 29.

Thus, regardless of whether a stay would simplify the breach of contract claim, it would simplify the vast majority of the issues in this case, thereby favoring a stay. *See Rovi Guides, Inc.*, 2017 WL 4876305, at \*3.

Of course, “this factor does not favor a stay as strongly as in a case where all of the claims in the litigation are under review in” IPR proceedings, and the IPR proceedings here are unlikely to eliminate the need for a trial. *See ACQIS, LLC*, 109 F. Supp. 3d at 358. Still, given the overlap outlined above, the Court concludes that the first factor slightly favors granting a stay.<sup>6</sup> *See id.*

#### ii. Stage of Litigation

Second, the stage of the litigation also weighs in favor of granting a stay. A case that is at the early stage of its lifespan generally favors granting a stay. *See CDX Diagnostics, Inc. v. U.S. Endoscopy Grp., Inc.*, No. 13 Civ. 5669 (NSR), 2014 WL 2854656, at \*4 (S.D.N.Y. June 20, 2014). “Although ‘the range of what qualifies as early stage is relative, there is a general consensus that where the parties have fully briefed the issue of claim construction, attended a *Markman* hearing, and received a claim construction order, [and] discovery is well underway,’ this second factor ‘counsel[s] against granting a stay.’” *Rovi Guides, Inc.*, 2017 WL 4876305, at \*3 (quoting *Adaptix, Inc. v. HTC Corp.*, No. 14 Civ. 2359 (PSG), 2015 WL 12839246, at \*2 (N.D. Cal. Aug. 5, 2015)) (concluding factor disfavored stay where fact discovery was closed, the court issued a *Markman* order, and parties were in midst of taking expert depositions). By contrast, courts in this Circuit have concluded that a suit is at an early enough stage to favor a stay where there has been limited to no discovery, and “neither a claim construction hearing nor a trial has been scheduled.” *See Straight Path*, 2016 WL

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<sup>6</sup> The Court notes that Samsung has filed rehearing requests as to two of the non-instituted patents—the ’852 and ’579 patents. Doc. 62 at 10. Were the PTAB to institute review as a result of those requests, the case for a stay would be stronger under this factor.

6094114, at \*3; *see also PopSockets LLC v. Quest USA Corp.*, No. 17 Civ. 3653 (FB) (CLP), 2018 WL 5020172, at \*3–4 (E.D.N.Y. Sep. 12, 2018) (noting that there had been limited discovery, and no claim construction proceedings and no trial date had been set). While some courts have noted the time that has passed since a case was brought, the thrust of a court’s analysis regarding this factor is the procedural progression of the suit. *See Goodman*, 2017 WL 5636286, at \*2.

Here, Kannuu argues that a stay is not warranted because the case has been pending for over a year and a half. *See* Doc. 1. However, as noted, this factor’s analysis focuses not on the time that has passed since the suit was commenced but rather on its procedural progress. Regarding that inquiry, Kannuu asserts that fact discovery is well underway, noting that Samsung has already produced at least 35,000 pages of documents. But according to the parties’ amended scheduling order, fact discovery will not close until mid-May 2021 at the earliest, and the parties have yet to engage in expert discovery. *See* Doc. 50. Further, the parties are at an extremely early stage regarding the disclosures required under the Local Patent Rules, as the parties still dispute whether Kannuu has sufficiently asserted infringement contentions pursuant to Local Patent Rule 6. Docs. 81, 83, and 91. As a result, “neither a claim construction hearing nor a trial has been scheduled.” *Straight Path*, 2016 WL 6094114, at \*3. Thus, the case is at an early stage of litigation, and this factor heavily favors granting a stay.

### iii. Prejudice or Disadvantage

Third, the Court must determine whether Kannuu will suffer undue prejudice or tactical disadvantage as a result of a stay. For courts in this District, “[t]he question of undue prejudice or clear tactical disadvantage is informed by four sub-factors, including (1) the timing of the review request; (2) the timing of the request for stay; (3) the status of the review proceedings; and (4) the relationship of the parties.” *Rovi Guides, Inc.*, 2017 WL 4876305, at \*4 (quotation omitted). Notably, “it is well established that ‘mere delay in the litigation does not establish undue prejudice’ for purposes of a motion to stay.”

*Goodman*, 2017 WL 5636286, at \*3 (quoting *Rovi Guides, Inc.*, 2017 WL 4876305, at \*4).

As to the first sub-factor, Samsung filed all five of its IPR petitions on March 17, 2020, Docs. 56-1, 56-2, 56-3, 56-4, and 56-5, fewer than ten months after Kannuu filed its original complaint, *see* Doc. 1. Courts in this District and other circuits have regularly concluded that this sub-factor weighs in favor of granting a stay where a party files its IPR proceedings within the one-year statutory deadline set forth under 35 U.S.C. § 315(b). *See, e.g., Rovi Guides, Inc.*, 2017 WL 4876305, at \*4 (issuing stay after delay of nearly one year); *ACQIS, LLC*, 109 F. Supp. 3d at 359 (issuing stay after delay of eleven months). Because Samsung filed its IPR petitions within the statutory deadline, the Court concludes that the timing of Samsung's IPR petitions is unlikely to prejudice Kannuu.

As to the second sub-factor, Samsung sought leave to file its motion to stay on September 28, 2020, *see* Doc. 28, only five days after receiving the last of the PTAB's institution decisions regarding the IPR proceedings, *see* Doc. 56-14 and 56-15. Courts in this District have concluded that a motion to stay made within a few days of the PTAB's institution decision is "sufficiently prompt," and thus neither "dilatory [nor] likely to give [the moving party] a tactical advantage." *See Rovi Guides, Inc.*, 2017 WL 4876305, at \*4. Kannuu argues that Samsung could have alerted the Court of its intent to request a stay much earlier than it did. However, doing so would have been premature, as it was "unclear at [that] stage whether the [PTAB] [would] institute proceedings on any or all of the petitions." *See CDX Diagnostics*, 2014 WL 2854656, at \*4; *see also IOENGINE, LLC*, 2019 WL 3943058, at \*6 ("An earlier request for a stay would have been premature, as courts almost invariably deny requests for stays pending IPR proceedings when the stay requests are filed before the IPR is instituted, and a pre-institution request therefore would have been futile."). Accordingly, the Court concludes that the timing of Samsung's request for a stay was sufficiently prompt and not prejudicial.

Similarly, as to the third sub-factor, the PTAB has already instituted review on the '354 and '393 patents. Accordingly, the PTAB must reach a final determination in these proceedings “not later than 1 year after the date on which” it issued the notices of the review—*i.e.*, by September 24, 2021. *See* 35 U.S.C. § 316(a)(11). Thus, “the status of the IPR proceedings is not likely to cause any undue prejudice or tactical advantage if a stay is granted.” *Rovi Guides, Inc.*, 2017 WL 4876305, at \*4.

Finally, as to the fourth sub-factor, the Court must consider the relationship of the parties in determining whether a stay will result in undue prejudice. “An important factor in determining if a stay will prejudice the plaintiff is whether the parties are direct competitors, because there is a reasonable chance that delay in adjudicating the alleged infringement will have outsized consequences to the party asserting infringement has occurred, including the potential for loss of market share and an erosion of goodwill.” *Id.* (quoting *CDX Diagnostics*, 2014 WL 2854656, at \*4). Kannuu acknowledges that it does not practice its patents and does not dispute that it is not a direct competitor of Samsung. Instead, Kannuu briefly argues that the delay associated with the IPR proceedings will harm its interest in its patent rights. But “without benefit of explanation or support, the Court cannot credit this passing assertion.” *Straight Path*, 2016 WL 6094114, at \*3 (noting that non-moving party simply argued that party would suffer unspecified harm to its business). Because Kannuu is “a patent licensing and enforcement firm, [it] is not (and does not purport to be) a direct competitor of” Samsung. *Id.* Accordingly, Kannuu has not shown that it would suffer any prejudice under this sub-factor.

Having considered all four of the prejudice sub-factors, the Court concludes that Kannuu will not be unduly prejudiced by a stay, and Samsung will not be unfairly advantaged. Because all three of the primary factors weigh in favor of a stay, and in light of the totality of circumstances, the Court concludes that a stay is warranted.

### III. CONCLUSION

For the foregoing reasons, Kannuu's motion for preliminary injunction is DENIED, Kannuu's motion for leave to file a supplemental First Amended Complaint is DENIED, and Samsung's motion to stay is GRANTED. The parties' requests for oral argument regarding their respective motions are denied as moot. Docs. 69 and 77. This matter is hereby stayed pending resolution of the IPR proceedings regarding the '354 and '393 patents. The parties are directed to file a joint status report within 48 hours of the PTAB's final written decision. In that status report, the parties shall update the Court regarding the status of Kannuu's infringement contentions in light of the PTAB's decision and submit an amended proposed discovery schedule. The Clerk of Court is respectfully directed to terminate the motions. Docs. 54, 61, 69, 77, and 78.

It is SO ORDERED.

Dated: January 19, 2021  
New York, New York



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EDGARDO RAMOS, U.S.D.J.

**CERTIFICATE OF FILING AND SERVICE**

I hereby certify that on this 9th day of March, 2021, I caused this 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:

/s/ Lewis E. Hudnell, III  
*Counsel for Appellant*

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Dated: March 9, 2021

/s/ Lewis E. Hudnell, III  
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