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Contract Corner

Richard Waterman

Kannuu v. Samsung: Forum Selection Clause Did Not Prohibit IPR Challenges

In *Kannuu Pty Ltd. v. Samsung Electronics Co., Ltd.*, No 19-civ-4297 (S.D.N.Y. Jan. 19, 2021), the parties' forum selection clause in their non-disclosure agreement did not prevent Samsung Electronics Co., Ltd. (Samsung) from challenging Kannuu Pty, Ltd.'s (Kannuu) patent in an IPR proceeding. The court held IPR petitions did not fall within the scope of the agreement's forum selection clause.

Kannuu filed a suit against Samsung for patent infringement and breach of contract. The parties had entered into a non-disclosure agreement years earlier when Samsung inquired about Kannuu's search-and-navigation technology. A confidentiality clause limiting the use of disclosed information and a forum selection clause requiring any proceeding "arising out of" or "relating to" the agreement be brought in a court of New York were included in the agreement.

After Kannuu filed suit asserting five of its patents, Samsung petitioned the PTAB for IPR of all asserted claims of the patents. The IPR petitions for two of the patents were instituted. In the district court, Kannuu filed a motion for preliminary injunction to restrain Samsung from proceeding before the PTAB in light of the agreement's forum selection clause.

The court recognized that it may grant such a preliminary injunction if the forum selection clause is valid and enforceable. This would require that: (1) the clause was reasonably communicated to the party resisting enforcement; (2) the clause is mandatory; and (3) the claims and parties involved in the suit are subject to the forum selection clause. The first two requirements were not in dispute, but the parties disputed whether the claims were subject to the forum selection clause.

The court ruled that the IPR proceedings do not fall within the scope of the forum selection clause. The court applied a plain and ordinary meaning when determining what actions "arise out of" or "relate to" the agreement because no definition

defining the scope of these terms was present in the agreement. The agreement concerned the confidentiality of disclosed information and did not grant intellectual property rights or a license to either party. With this framework, the court noted the IPR proceedings determine the validity of Kannuu's patents, which do not affect whether Samsung impermissibly used confidential information in violation of the agreement. The court recognized that some of the information that arose from the discussions after the non-disclosure agreement may be relevant to the IPR proceedings but found that connection to be too attenuated to be within the plain meaning of "relating to" the agreement. Finding the likelihood of success on the merits against Kannuu, the court denied the preliminary injunction.

Richard Waterman is an associate with the intellectual property law firm Rothwell, Figg, Ernst & Manbeck in Washington, D.C. His practice covers all aspects of patent law, including patent litigation, post-grant proceedings before the Patent Trial and Appeal Board, patent prosecution, opinions, and counseling, and he has experience with a broad range of fields, including chemical, biological, and pharmaceutical technologies.

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