

Samsung Dodges Forum Selection Clause to File IPRs

IPRs on Prior Art Grounds Not Blocked By Non-Disclosure Agreement

By: Chris Eggert & Reid Huefner | July 12, 2019

A Southern District of New York Judge denied a Motion for Preliminary Injunction filed by plaintiff NuCurrent Inc. against defendant Samsung, which sought to enforce a forum selection clause—contained in a mutual non-disclosure agreement (“NDA”) between the parties—to prohibit Samsung from initiating inter partes review (“IPR”) proceedings before the US Patent Trial and Appeal Board (“PTAB”). *NuCurrent Inc. v. Samsung Electronics Co., Ltd.*, 2019 WL 2776950, at *1 (S.D.N.Y. July 2, 2019).

NuCurrent and Samsung had originally entered into a Mutual Confidentiality Agreement (“MCA”) and then, later, entered into the NDA, after the previous agreement ended. Both agreements contained a forum selection clause. The NDA expired on January 15, 2018. However, unlike the previous forum selection clause in the MCA, the NDA’s forum selection clause was not specifically enumerated as a provision that survived the expiration or termination of the agreement. The only specifically surviving portions of the NDA were those relating to the obligations regarding “Confidential Information.”

The NDA’s forum selection clause provided that:

This Agreement shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of New York 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.

After the agreement expired, in February of 2018, NuCurrent filed claims against Samsung for patent infringement and misappropriation of trade secrets. In March of 2019, Samsung filed six IPR petitions with the PTAB asserting anticipation and obviousness challenges to the validity of the NuCurrent patents.

The judge found that NuCurrent had not shown that the claims asserted in the IPR petitions were subject to the forum selection clause. The judge found that the IPR petitions challenged the validity of the patents only based on prior art—not based on any information gleaned by Samsung as part of the agreements between the parties. As such, the IPR petitions could not be enjoined by the clause.