

DEXCOM, INC. v. ABBOTT DIABETES CARE, INC., Appeal No. 2023-1795 (Fed. Cir. January 3, 2024). Before Dyk, Hughes, and Stoll. Appealed from D. Del. (Judge Jordan).

Background:

DexCom and Abbott entered into a settlement and license agreement ("Agreement") that included, among other things, (1) a mutual covenant not to challenge each other's patents during a Covenant Period and (2) a forum selection clause identifying the U.S. District Court for the District of Delaware as the exclusive jurisdiction "over any dispute arising from or under or relating to this Agreement." The Covenant Period was set to expire before the Agreement ended.

After expiration of the Covenant Period, DexCom sued Abbott for infringement of claims of five patents. Abbott then filed petitions for *Inter Partes* Review of the asserted patents, to which DexCom filed preliminary patent owner responses. Six months after Abbott filed its IPR Petitions, DexCom moved for a preliminary injunction requesting that, based on an alleged breach of the forum selection clause, the district court prohibit Abbott from proceeding with the IPRs. The district court denied the preliminary injunction, and DexCom filed this interlocutory appeal.

Issue/Holding:

Did the district court err in denying DexCom's preliminary injunction motion? No, affirmed.

Discussion:

On appeal, the Federal Circuit held that the district court did not abuse its discretion in denying the preliminary injunction.

Following Third Circuit precedent, the Federal Circuit considered the following four factors: (1) whether the moving party has shown a reasonable likelihood of success on the merits; (2) whether the moving party will suffer irreparable harm in the absence of the preliminary injunction; (3) whether the balance of hardships tip in the moving party's favor; and (4) the impact of the preliminary injunction on the public interest. The district court assumed that DexCom met the first factor, but it determined that at least the second and third factors favored denial of a preliminary injunction.

The Federal Circuit, on the other hand, held that the first factor also favored denial. The mutual covenant not to challenge in the Agreement between DexCom and Abbott included exceptions. These exceptions "indisputably allowed IPR filings during the Covenant Period under certain conditions," including if a patent has been asserted by one of the parties. The Federal Circuit held that nothing in the forum selection clause or elsewhere in the Agreement suggested an intent to restrict the forum selection clause to only the period after the Covenant Period. And the court then concluded that "[i]t necessarily follows that because the forum selection clause governs both during and after the Covenant Period, the clause cannot operate to prohibit the filing of IPRs after the Covenant Period if it allowed them during the Covenant Period." So because DexCom cannot succeed on the merits under the first factor, the Federal Circuit held that it is not entitled to a preliminary injunction and it was not necessary to address the other three factors.