



IN THE SUPREME COURT OF THE STATE OF DELAWARE

OPTINOSE AS AND OPTINOSE, INC. )  
)  
Defendants Below, ) **REDACTED PUBLIC VERSION**  
Appellants, ) **filed on: April 23, 2021**  
)  
v. ) No. 48, 2021  
)  
CURRAX PHARMACEUTICALS LLC, ) Court below: Court of Chancery  
) C.A. No. 2020-0122  
Plaintiff Below, )  
Appellee. )

**APPELLANTS' OPENING BRIEF**

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**NATURE AND STAGE OF PROCEEDINGS**

This case arises out of a license agreement (the “Agreement”) entered into between OptiNose AS and OptiNose, Inc. (collectively “OptiNose”) and Currax Pharmaceuticals LLC (“Currax”). OptiNose is a specialty pharmaceutical company and developer of innovative medical technologies, including its patented Bi-Directional™ Exhalation Delivery Systems (“EDS”). These innovative devices deliver medication deep into a patient’s nasal cavity to regions not reached by conventional nasal sprays and have application for treating a wide-range of diseases. OptiNose has used its EDS devices and technology to develop treatments within its core focus area (diseases treated by allergy or ENT specialists) and in areas for which OptiNose has out-licensed its technology. [REDACTED]

[REDACTED]

[REDACTED] ONZETRA® XSAIL®, developed by OptiNose for treating migraine headaches.

The Agreement [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Commensurate [REDACTED]

[REDACTED]

[REDACTED]

and which are also being evaluated by OptiNose and its licensees for use in other products. Because [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Subsequent to execution of the Agreement, Currax demanded that OptiNose provide it with a power of attorney, which would allow it to conduct all business on OptiNose's behalf in the patent office. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

On February 24, 2020, Currax filed a Complaint seeking a declaration that OptiNose was in breach and seeking specific performance in the form of an order requiring OptiNose to provide a power of attorney. (A0023-A0090.) On April 10, 2020, OptiNose filed an Answer and Counterclaims, seeking a declaration that it was not in breach and was not required to provide a power of attorney. (A0091-122.)

Following cross-motions for judgment on the pleadings, on January 22, 2021, the Court of Chancery issued an opinion granting Currax’s motion and denying OptiNose’s motion. (Opinion at 2.)<sup>1</sup> In so doing, the Court of Chancery wrongly concluded that Currax was empowered to file a terminal disclaimer among Product Patents without OptiNose’s leave, and that a power of attorney was necessary for Currax to effect that right. (Opinion at 22-23.) Thereafter, on January

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<sup>1</sup> Citations to “Opinion” are to the Court of Chancery’s January 22, 2021 Memorandum Opinion, attached as Exhibit A.

25, 2021, the Court of Chancery entered orders granting Currax’s motion and denying OptiNose’s motion. OptiNose filed its notice of appeal on February 19, 2021.

For the reasons articulated herein, the Court of Chancery’s decision that Currax could file a terminal disclaimer without OptiNose’s approval was in error, as was its resultant decision ordering OptiNose to provide a power of attorney. As discussed below, the terminal disclaimer sought by Currax [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]. OptiNose respectfully requests that this Court reverse the Court of Chancery’s orders granting Currax’s motion for judgment of the pleadings and denying OptiNose’s motion for judgment on the pleadings.

**SUMMARY OF ARGUMENT**

1. The Court of Chancery erred by concluding that a terminal disclaimer among Product Patents does not require OptiNose’s approval. Section 5.01(a)(i) of the [REDACTED]

2. The proposed terminal disclaimer is also a filing [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. The Court of Chancery also erred by holding that a terminal disclaimer does not “abandon or not maintain” a patent. Section 5.01(a)(i) of the Agreement [REDACTED]

[REDACTED] Courts have recognized that the decision to disclaim part of a patent is akin to abandonment. A decision by Currax to disclaim a portion of the patent’s term would be [REDACTED]

4. The Court of Chancery also erred by holding that OptiNose was required to provide Currax a power of attorney. Even if that court had correctly concluded that Currax could file a terminal disclaimer, the Agreement does not

state [REDACTED]

[REDACTED]  
[REDACTED] Thus, the Court of Chancery erred by finding an implied right to a power of attorney. Instead, that court should have held that OptiNose was permitted [REDACTED]

[REDACTED]. That court likewise erred in concluding that the equities favored ordering OptiNose to provide a power of attorney because, as the Court of Chancery acknowledged, it would enable Currax to “exercise some authority that the Agreement prohibits,” would “empower a breach,” and would provide Currax “a key that can open . . . forbidden doors.” Even if OptiNose were in breach—which it is not—OptiNose should not be required to empower Currax to conduct all business on its behalf with the patent office, including business that would indisputably allow Currax to breach the Agreement.

## STATEMENT OF FACTS

### **I. OptiNose's Development of Its EDS Technology**

OptiNose is a specialty pharmaceutical company focused on creating and bringing to market innovative products for treating a range of diseases. As part of that pursuit, OptiNose developed its Bi-Directional™ Exhalation Delivery Systems (“EDS”). These revolutionary devices deliver medication deep into a patient’s nasal cavity, depositing drug to areas not reached by conventional nasal sprays. (A0130.) OptiNose’s EDS technology can be used with medication in two distinct forms, as a liquid drug substance (“Liquid EDS”) or as a powdered drug substance (“Powder EDS”). (*Id.*; A0098, A0113.) OptiNose’s EDS devices and technology have application for treating a host of conditions, including diseases within OptiNose’s core area of focus (those diseases treated by allergy or ENT specialists) as well as conditions for which OptiNose has out-licensed its technology, such as those affecting the central nervous system. (A0040.)

Utilizing its unique technology, OptiNose has, so far, developed two FDA-approved EDS products: XHANCE®, which uses a Liquid EDS device to deliver fluticasone propionate to treat nasal polyps; and ONZETRA® XSAIL®, which uses a Powder EDS device to deliver sumatriptan to treat migraine headaches. (A0041 (“Product”), A0051 (§ 5.01(a)(i)); A0131.) OptiNose and its licensees

continue to evaluate and develop new products using OptiNose’s EDS devices and technology, including treatments for autism, Prader-Willi, narcolepsy, and other neurological diseases. (A0131.) OptiNose’s groundbreaking work in this area has led to more than two hundred patents and patent applications in the United States and elsewhere, [REDACTED] (“the OptiNose Patents”). (A0076.)

**II. OptiNose’s Product License to Currax**

**A. Currax’s Limited License to the OptiNose Patents**

On September 25, 2019, OptiNose entered into the Agreement with Currax

[REDACTED]

[REDACTED]

(A0038.) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Outside of Currax's limited license, all other rights to use the OptiNose Patents remain with OptiNose. (A0044-45 (§§ 2.01(b), 2.02).) As some examples,

[REDACTED]

[REDACTED] Because ONZETRA® XSAIL® uses a Powder

EDS device, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Agreement also provides that any right not expressly addressed therein remains with OptiNose, stating that no rights are granted [REDACTED]

[REDACTED]

[REDACTED] To the contrary, as described above, OptiNose retains the vast majority of rights to all OptiNose Patents. The breadth of these rights retained by OptiNose along with the limited scope of the license granted to Currax are, as discussed below, essential elements in understanding and correctly interpreting the disputed patent prosecution provisions, because the scope of the patent prosecution rights are inextricably linked to the scope of the patent license.

**B. Currax’s Limited Prosecution Rights**

The Agreement [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] As described above, OptiNose retains the vast majority of rights in [REDACTED]

[REDACTED]

Unsurprisingly, therefore, the Agreement expressly recognizes that [REDACTED]

[REDACTED]

[REDACTED]

The Agreement grants OptiNose the “[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] (*Id.*)

In contrast, because the [REDACTED]

[REDACTED]

[REDACTED]

(A0051 (§ 5.01(a)(i)).) But, because OptiNose retains the vast majority of rights in

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(A0051 (§ 5.01(a)(i)) (emphasis added).)

The limitations described in Section 5.01(a)(i) sensibly allow Currax [REDACTED]

[REDACTED]

[REDACTED] while simultaneously giving

OptiNose the ability to ensure that Currax does not compromise OptiNose's

ongoing rights in those patents. In particular, recognizing that OptiNose's interest

[REDACTED]

[REDACTED]

[REDACTED]

It accomplishes this goal in at least two ways.

First, Section 5.01(a)(i) states that, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] A0051 (§ 5.01(a)(i)).) Under

this provision, if Currax [REDACTED]

[REDACTED]

[REDACTED] This is a critical protection for OptiNose's

rights in the Product Patents because statements made during prosecution of one patent in a family can impact the scope or validity of other patents in the same family. (*See infra* Part I(C)(2)). Thus, for example, if Currax were [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Similarly, under Section 5.01(a)(i), if [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Second, Section 5.01(a)(i) states that, [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED] (A0051 (§ 5.01(a)(i)).) Similar to the provision above, this language ensures that if [REDACTED]

[REDACTED]

[REDACTED] Again, the

provision allows [REDACTED]

[REDACTED] OptiNose’s retained rights in patents

that OptiNose cares about, but Currax may not.

### III. OptiNose’s Facilitating Currax’s Prosecution Rights

To facilitate [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

OptiNose fulfilled that promise by providing Currax’s counsel with access to the files and records for the Product Patents and by setting up a joint customer number in the patent office specifically for the Product Patents.<sup>2</sup> (A0117.) This joint customer number lets Currax’s counsel receive notification of all patent office communications. (*Id.*) OptiNose also executed an “Authorization to Act,” allowing

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<sup>2</sup> OptiNose offered to setup this customer number before Currax commenced this litigation, but Currax refused. (A0117.) Currax then accepted OptiNose’s offer after filing its Complaint. (*Id.*)

Currax’s counsel to correspond with the patent office, bind OptiNose, and conduct interviews with respect to the Product Patents. (A0117; *see also* Manual of Patent Examining Procedure (“MPEP”) §§ 402.04, 405.) That this “Authorization to Act” enabled [REDACTED] is confirmed by the fact that Currax has, in fact, been prosecuting the Product Patents, including making numerous substantive filings with respect to several pending applications. (A0117; A0314-321.)

#### **IV. The Parties’ Dispute**

Despite OptiNose’s providing Currax with an Authorization to Act, and despite Currax having been successfully prosecuting the Product Patents, in late 2019, Currax demanded that OptiNose provide a power of attorney. (A0103.) The Agreement does not give Currax the right to a power of attorney. Moreover, the Agreement makes clear [REDACTED]

[REDACTED]

[REDACTED]

If given a power of attorney, Currax would be empowered to transact *all* business with the patent office on OptiNose’s behalf. (A0111.) This includes abandoning applications, disclaiming part of a patent’s scope (a statutory disclaimer), or disclaiming part of a patent’s term (a terminal disclaimer). (*Id.*; *see*

also MPEP §§ 402, 402.04.) Despite the Agreement not entitling it to a power of attorney, Currax asserted that a power of attorney was necessary [REDACTED]

[REDACTED] pending U.S. Application No. 15/879,009. (A0100; A0327.) The '009 Application claims aspects of the “Nosepiece Assembly” of [REDACTED]

[REDACTED] (A0078; A0314-321.)<sup>3</sup> Currax sought to file this terminal disclaimer in order to overcome a double patenting rejection. (A0100.)

A double patenting rejection occurs when the patent Examiner concludes that claims in a pending application are not patentably distinct from claims in another patent or patent application that has overlapping inventors. (A0100; *see also* MPEP § 804.) A double patenting rejection prevents a patentee from extending the term of exclusivity for an invention by keeping that patentee from getting claims in a second patent that are essentially the same as claims in a first patent. *See, e.g.* MPEP § 804.

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<sup>3</sup> Although the '009 Application was not identified in the complaint or attached as an exhibit, it was provided to the Court of Chancery and relied on by both parties and is, therefore, part of the record below. (*See, e.g.*, A0294; A0314-321; A0327; A0353-359.) [REDACTED] (A0078, 80.) Documents incorporated by reference are appropriately considered in deciding a motion for judgment on the pleadings. *See, e.g., Rag American Coal Co. v. AEI Resources, Inc.*, 1999 WL 1261376, \*9 (Del. Ch. Dec. 7, 1999) (holding that “a document incorporated by reference into the contract” is not “extrinsic evidence,” and may be considered in deciding a motion for judgment on the pleadings).

A double patenting rejection can be overcome in multiple ways. One is for the patent applicant to present arguments showing that the pending claims are patentably distinct from the claims in the prior patent. *See* MPEP § 804. Another is for the applicant to amend the pending claims to be more clearly distinct. *Id.* A third is to file a terminal disclaimer. *Id.* A terminal disclaimer disclaims, or dedicates to the public, the ending (or terminal) portion of a patent's term, ensuring that both the rejected patent and the pre-existing patent (or application) will expire at the same time. *Id.*

The filing of a terminal disclaimer has significant impact, not only for the pending application but also for the patent over which it is disclaimed. For example, in addition to permanently and irrevocably abandoning the terminal portion of a patent's term, the Federal Circuit has explained that a terminal disclaimer is a "strong clue that a patent examiner and, by concession, the applicant, thought the claims in the continuation lacked a patentable distinction over the parent." *SimpleAir, Inc. v. Google, LLC*, 884 F.3d 1160, 1168 (Fed. Cir. 2018). [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] (A0051

(§ 5.01(a)(i)). [REDACTED]

Because multiple provisions of Section 5.01(a)(i) either [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

and did not need a power of attorney. Accordingly, OptiNose declined to provide one. (A0100-102, 110-111.)

## **V. The Decision Below**

As described *supra* pages 3-4, on January 22, 2021, the Court of Chancery issued an opinion granting Currax's motion for judgment on the pleadings and denying OptiNose's motion. (Opinion at 2.) Because the parties' dispute regarding the power of attorney was centered on Currax's desire to file a terminal disclaimer, the Court of Chancery focused its decision on whether the Agreement allowed Currax to file a terminal disclaimer without OptiNose's approval, concluding that it did. (Opinion at 1-2.)

In reaching this decision, the Court of Chancery addressed the provision of Section 5.01(a)(i) requiring that filings "relating to or characterizing the Device component of the Product or other OptiNose intellectual property shall require OptiNose's prior approval." (Opinion at 17-23.) The court concluded that "other OptiNose intellectual property," must mean intellectual property other than Product Patents. (Opinion at 20.) The court did not address, however, the argument that "other intellectual property" could be intellectual property other than the patent for which the filing is being made, despite that being the premise of OptiNose's argument. (A0292 (arguing that the terminal disclaimer related to

“other OptiNose intellectual property” because it “relates to and characterizes both the disclaimed patent and the patent over which the patent is disclaimed” and “[i]t is that characterization of ‘other OptiNose intellectual property’ that triggers the approval provision of the Agreement”).)

With respect to the requirement that filings related to “the Device component of the Product . . . shall require OptiNose’s prior approval,” the Court concluded that “the Device component of the Product is a tangible component of the Onzetra product.” (Opinion at 18-19.) The court further concluded that “a terminal disclaimer does not relate to or characterize a tangible component of the Onzetra product,” and therefore, the “Device component of the Product” language does not trigger OptiNose’s approval rights. (*Id.* at 19.)

With respect to OptiNose’s right to take over prosecution of any patent Currax decided to “abandon or not maintain,” the court acknowledged that “a portion of the patent’s term may be abandoned” by a terminal disclaimer. (Opinion at 17.) Nonetheless, the court held that a terminal disclaimer is not a “determin[ation] to abandon or not maintain” the patent because “the patent itself is not [abandoned]” and because “abandonment is a patent law term of art,” and “[f]iling a terminal disclaimer does not constitute statutory abandonment.” (*Id.*)

Finally, the Court concluded that the equities favored granting Currax specific performance. (Opinion at 23-24.) In doing so, the court acknowledged “that power of attorney would permit Currax to exercise some authority that the Agreement prohibits” and “would empower [Currax] to breach” the Agreement. (*Id.*) Nonetheless, the court concluded that while “[a] power of attorney is a key that can open many doors,” including “forbidden doors,” Currax had “agree[d] not to open those forbidden doors.” (*Id.* at 24.) Thus, the court concluded that the equities favored requiring OptiNose to provide a power of attorney.



Court of Chancery's grant of Currax's motion for judgment on the pleadings and reverse its denial of OptiNose's motion for judgment on the pleadings.

**I. The Court of Chancery Improperly Concluded That a Terminal Disclaimer Does Not Require OptiNose’s Approval Under Section 5.01(a)(i)**

**A. Question Presented**

Whether the Court of Chancery erred by determining that the phrase [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] did not require Currax to obtain OptiNose’s approval before filing a terminal disclaimer. (*See, e.g.*, A0142-146; A0286-299; A303-306.)

**B. Scope of Review**

Matters of contract interpretation are reviewed *de novo*. *Salamone v. Gorman*, 106 A.3d 354, 367 (Del. 2014). (“We review questions of contract interpretation *de novo*.”).

**C. Merits of Argument**

**1. OptiNose Maintains the Vast Majority of Rights in the Product Patents and the Agreement Reflects the Parties’ Clear Intent to Provide OptiNose with the Ability to Approve Filings that Could Undermine Those Rights**

The vast majority of rights in the OptiNose patents remain with OptiNose.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] OptiNose maintained the lion’s share of rights in all OptiNose patents—including the Product Patents—and the Agreement reflects that both parties understood and agreed to this.

The Agreement must be interpreted with this context in mind. Delaware law requires that a contract be interpreted “as a whole” so as to “give priority to the parties’ intentions as reflected in the four corners of the agreement.” *Salamone*, 106 A.3d at 386; *see also Fletcher v. Feutz*, 2021 WL 222045, at \*10 (Del. Jan. 22, 2021) (same). This requires that the contract be “read in full and situated in the commercial context between the parties.” *Chicago Bridge & Iron Co. v. Westinghouse Electric Co.*, 166 A.3d 912, 926-27 (Del. 2017).

As described *infra* Parts I(C)(2)-(3), even read in isolation, [REDACTED]

[REDACTED]

[REDACTED] That conclusion is made even more sure when considering the “commercial context between the parties,” and, in particular, the Agreement’s

leaving the vast majority of rights in the Product Patents with OptiNose [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

At no point in its decision did the Court of Chancery take into consideration that OptiNose retains the majority of rights in the Product Patents. In fact, the Court of Chancery’s opinion does not even acknowledge the division of rights, limiting its description of the license to a statement that “the Agreement gives Currax an exclusive license to, among other things, manufacture and sell Onzetra in the United States, Canada, and Mexico.” (Opinion at 3.) The Court’s description of Currax receiving an “exclusive license,” without any acknowledgement [REDACTED]

[REDACTED] and that OptiNose retained the vast majority of rights in all patents, including the Product Patents, shows that the Court of Chancery failed to properly consider the division of rights among the parties. That division of rights is a fundamental aspect of the Agreement and a prime indicator of the parties’ intent, yet it goes unaddressed in the decision below.

Additionally, the Court of Chancery made other affirmative statements establishing that it did not properly consider and, in fact, misunderstood the terms of the Agreement and the intent established by those terms. Specifically, in

evaluating the intent of the agreement, the Court of Chancery stated that “[l]imiting OptiNose’s approval right to its intellectual property squares with the overall structure of the Agreement: Currax controls the Product Patents’ Prosecution, and OptiNose controls Prosecution for its other patents.” (Opinion at 22.) But this statement equating Currax’s rights to prosecute the Product Patents with OptiNose’s rights to prosecute the Platform Patents is starkly contradicted by the Agreement itself. [REDACTED]

[REDACTED] In short, the Agreement establishes the parties’ intent

that [REDACTED] be just that—a [REDACTED]

[REDACTED]

[REDACTED] In reaching its decision, the Court of Chancery disregarded this fundamental difference in the parties' rights.

**2. The Unambiguous Language of Section 5.01(a)(i) Establishes that Filing a Terminal Disclaimer Relates to or Characterizes Other OptiNose Intellectual Property, Requiring OptiNose's Approval**

In deciding that the phrase "other OptiNose intellectual property," must mean OptiNose intellectual property other than the Product Patents, the Court of Chancery relied on the Merriam Webster dictionary definition of "other" as being "something distinct from that or those first mentioned or implied." (Opinion at 20.) Even accepting that definition, however, the court's subsequent interpretation was erroneous, because the court wrongly concluded that "the only mentioned OptiNose intellectual property in the sentence is the Product Patents," and, therefore, that "other" must mean other than the Product Patents. (*Id.*)

Contrary to the Court of Chancery's conclusion, however, the reference to "Product Patents" is *not* the only "OptiNose intellectual property in the sentence" that is "mentioned *or implied*." To the contrary, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Thus, the best interpretation of Section 5.01(a)(i) is that [REDACTED]

[REDACTED]

[REDACTED]

Under Section 5.01(a)(i) as correctly interpreted, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Not only is this interpretation the most reasonable under the plain language of the Agreement, it most fully accounts for the intent of the parties and the context of the Agreement. The parties recognized that [REDACTED]

[REDACTED]

[REDACTED] Understanding that

OptiNose had broader interests in the Product Patents and that those interests [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

This concern is not merely academic. It is long-established that statements made or actions taken while prosecuting one application in a patent family can have significant impact on other patents in the family. *See, e.g., MasterMine Software, Inc. v. Microsoft Corp.*, 874 F.3d 1307, 1311 n.2 (Fed. Cir. 2017) (“We have often held that the meaning of claim terms in one patent can be informed by statements made during prosecution of other patents in the same family.”); *Verizon Services Corp. v. Vonage Holdings Corp.*, 503 F.3d 1295, 1307 (Fed. Cir. 2007) (holding that statements made during prosecution of a patent application could constitute disclaimer of the scope of an already issued patent in the same family).

In this case in particular, [REDACTED]

[REDACTED]

[REDACTED] For example, the Federal Circuit has held that the filing of a terminal disclaimer is a “strong clue that a patent examiner and, by concession, the applicant, thought the claims in the continuation lacked a patentable distinction over the parent.” *SimpleAir*, 884 F.3d at 1168. [REDACTED]

[REDACTED]

[REDACTED]

OptiNose's interpretation also does not render [REDACTED]

[REDACTED] meaningless and would not mean—as the Court of Chancery appeared to assume (*see* Opinion at 20-21)—that OptiNose would have the right to approve every filing with respect to any Product Patent. Rather, OptiNose's interpretation means only that, [REDACTED]

[REDACTED]

[REDACTED]

See <https://patentimages.storage.googleapis.com/4d/ac/72/777ff3d8e8bf66/US8899229.pdf>. There is no clear statement from any court on [REDACTED]

[REDACTED] But, the Federal Circuit has held that an earlier-issued but later expiring-patent (like the parent '229 patent) can be invalidated for double patenting by an later-issued but earlier-expiring patent (like the '009 application). *See Gilead Sciences, Inc. v. Natco Pharma, Ltd.*, 753 F.3d 1208, 1217 (Fed. Cir. 2014) [REDACTED]

[REDACTED]

Not all the specific circumstances surrounding the terminal disclaimer described in this footnote were included in the operative pleadings, and, thus, not all these facts were relied on by the Court of Chancery in its decision. Some were identified in the briefing and at oral argument, so they are part of the record below. In any event, OptiNose does not rely on these facts in support of its arguments on appeal. Rather, OptiNose describes them herein only to help this Court more fully appreciate the impetus for the parties' dispute.

[REDACTED]

Additionally, even [REDACTED]

[REDACTED]

**3. The Unambiguous Language of Section 5.01(a)(i) Establishes that Filing a Terminal Disclaimer Can Relate to or Characterize the Device Component of the Product, Including under the Present Circumstances**

The present dispute well-illustrates why the Court of Chancery was incorrect to conclude that a terminal disclaimer cannot relate to or characterize the “Device component of the Product.” Whether a terminal disclaimer implicates OptiNose’s approval rights will depend on the case-specific facts. On the present facts, the

Court of Chancery erred in concluding that the proposed terminal disclaimer did not implicate OptiNose’s approval rights. Additionally, the Court further erred by suggesting that a terminal disclaimer can *never* implicate OptiNose’s approval rights. For the reasons described below, this Court should reverse the Court of Chancery’s decision both as it relates to the terminal disclaimer at issue in this case and, more generally, as it relates to terminal disclaimers as a class.

Currax’s rights in the Product Patents are expressly limited to [REDACTED]

[REDACTED]

[REDACTED] Furthermore, as described above, OptiNose retains [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Rather that application is described as a “Nosepiece Assembly” patent. (A078.) And, the pending claims in that application are directed to the nosepiece assembly, [REDACTED]

(A0317.) This can be seen by looking, for example, at the first pending claim, which covers “a nasal delivery device,” with a “supply unit,” a “nosepiece unit,”

and “a mouthpiece unit.” (*Id.*) Under that claim, that device can be used with any “powered substance,” [REDACTED] Thus, it claims [REDACTED] [REDACTED], which has broad application beyond the Product and over which OptiNose retains unfettered rights. While there are other pending claims, they are all directed to the device and none of them mention using the device to administer any particular drug, [REDACTED]. (*Id.*)

With this understanding, it is apparent that the '009 application [REDACTED]

[REDACTED]

[REDACTED] It is further apparent that a terminal disclaimer

on the '009 application [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Notably this is not an “exception that swallows the rule,” for multiple reasons. First, not all filings Currax might make when [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] (A0078.) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] This makes sense, because those patents fall squarely within the limited scope of the license given to Currax. By contrast, whereas here, Currax seeks to file a terminal disclaimer that will [REDACTED]

[REDACTED]

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<sup>5</sup> [REDACTED] to the extent the Court desires to see those patents, they are publicly available. For example, U.S. Patent No. 9,649,456, [REDACTED] is available at <https://patents.google.com/patent/US9649456B2>. As seen there, that patent claims “a method of treating migraine in a human subject by delivering a powdered substance comprising sumatriptan....”

[REDACTED]  
[REDACTED]  
[REDACTED] it makes sense that the parties chose to require OptiNose's approval for the filing.

In total, the division of prosecution rights described above harmonizes perfectly with the Agreement's division of patents rights and the apparent intent of the Agreement. When making prosecution decisions that impact rights falling squarely within the scope of Currax's license [REDACTED]

[REDACTED]  
[REDACTED] In contrast, when making prosecution decisions that impact both Currax's licensed rights and OptiNose's retained rights, [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED] Here, because the terminal disclaimer sought by Currax [REDACTED]

## **II. The Court of Chancery Improperly Concluded that a Terminal Disclaimer Does Not Abandon a Patent**

### **A. Question Presented**

Whether the Court of Chancery erred by determining that the filing of a terminal disclaimer was not a decision to “abandon or not maintain” a patent within the context of the Agreement as a whole. (*See, e.g.*, A0144-145; A0293.)

### **B. Scope of Review**

Matters of contract interpretation are reviewed *de novo*. *Salamone*, 106 A.3d at 367. (“We review questions of contract interpretation *de novo*.”).

### **C. Merits of Argument**

In its decision below, the Court of Chancery conceded that the filing of a terminal disclaimer may result in “a portion of the patent’s term [being] abandoned.” (Opinion at 17.) It’s conclusion that a terminal disclaimer, nonetheless, did not constitute a decision to “abandon or not maintain any Product Patent,” was erroneous.

Courts have recognized that patent disclaimers are akin to abandonment. For example, in *3V Inc. v. CIBA Specialty Chems. Corp.*, 587 F. Supp. 2d 641 (D. Del. 2008), the court explained that because “[d]isclaimed claims cannot be revived . . . . the effect of [disclaimer] is the same as dedication of the patent to the public or abandonment.” *See also W.L. Gore & Assocs., Inc. v. Oak Materials*

*Group, Inc.*, 424 F. Supp. 700, 702 (D. Del. 1976) (holding same); *Leading Edge Tech. Corp. v. Sun Automation, Inc.*, 1991 WL 398682, n. 4 (D. Mar. Sep. 24, 1991) (“In these terminal disclaimers, Staley abandoned the terminal part of any patents issued on the applications....”)

Although the court in *3V* was addressing what is often called a statutory disclaimer (disclaiming part of a patent’s scope) rather than a terminal disclaimer (disclaiming part of a patent’s term), the reasoning is equally applicable. Both statutory disclaimers and terminal disclaimers arise from the very same statute, which refers to both collectively merely as a “disclaimer.” *See* 35 U.S.C. § 253. Moreover, subsection 253(b) states that, under what has come to be called a “terminal disclaimer,” the terminal part of the term is “dedicate[d] to the public,” which is exactly what caused the court in *3V* to likened disclaimers to abandonment. 587 F. Supp. 2d at 641 (“[T]he effect of [disclaimer] is the same as dedication of the patent to the public or abandonment.”).

The parties’ intent as reflected in the Agreement as a whole further reinforces the conclusion that a decision by Currax to file a terminal disclaimer

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] That rationale is

equally applicable whether Currax is abandoning a patent immediately or scheduling a patent for future abandonment through a terminal disclaimer.

Although the Court of Chancery noted that “abandonment” is a patent law term of art, (Opinion at 17), the context of the Agreement does not support that the

[REDACTED]

[REDACTED] The Court of Chancery, specifically, cited to 37 C.F.R. §§ 1.135 and 1.138, which describe how an applicant can abandon an application either by failing to respond within the required time period or by submitting an express declaration of abandonment to the patent office. [REDACTED]

[REDACTED]

[REDACTED] And, as described above, courts such as the *3V* court have recognized that other acts—such as disclaimers—not falling within either of the two statutory provisions above are equivalent to abandonment.

Additionally, the overall structure of the Agreement shows [REDACTED]

[REDACTED] provision must be interpreted consistently with the Agreement’s “overall scheme or plan,” rather than in isolation. *GMG Capital Investments, LLC v. Athenian Venture Partners I, L.P.*, 36 A.3d 776, 779 (Del. 2012) (“The meaning inferred from a particular provision cannot control the meaning of the entire agreement if such an inference conflicts with the agreement’s overall scheme or plan.”); *see also Kuhn Cons., Inc. v. Diamond State Port Corp.*, 990 A.2d 393, 397-98 (Del. 2010) (holding that the trial court erred in concluding that a contract compelled arbitration when “isolated terms and provisions of the contract support [an interpretation requiring arbitration],” but the “contract as a whole” did not); *O’Brien v. Progressive N. Ins. Co.*, 785 A.2d 281, 287 (Del. 2001) (“[A] court’s interpretation of an insurance contract must rely on reading all of the pertinent provisions of the policy as a whole, and not on any single passage in isolation.”).

The decision in *Viking Pump, Inc. v. Liberty Mutual Insurance Co.*, 2007 WL 1207107 (Del. Ch., Apr. 13, 2007) is instructive in this regard. In *Viking Pump*, the parties disputed the meaning of the phrase “excess coverage insurance for losses in excess of the primary insurance limits.” *Id.* at \*6. The court

recognized that, “the word ‘excess’ is essentially a term of art in the insurance industry,” referring to “an excess insurance policy.” *Id.* at \*15. Notwithstanding that the word was a term of art in the relevant industry, however, the court observed that it was “not obvious that the [agreement] intended this technical meaning.” *Id.* The court then examined the agreement as a whole to discern “how the word was intended to be used in the first place.” *Id.* Based on that examination, the court determined that “excess” was *not* meant to be a term of art within the agreement, despite its use as a term of art in the industry. *Id.* In reaching that decision, the court found persuasive that the agreement “easily could have, but did not define the terms ‘excess’ or ‘excess coverage insurance,’” and it was “hesita[nt] to read a technical definition into the [agreement] when that definition could have been, but was not, used by its drafters.” *Id.* at \*16. Here, likewise, the [REDACTED], but they chose not to. Thus, where, as here, the technical definition is inconsistent with the intent of the parties as reflected in the Agreement as a whole, the Court of Chancery erred by “read[ing] a technical definition into the [agreement] when that definition could have been, but was not, used by its drafters.” *Id.*

### **III. The Court of Chancery Erred in Ordering OptiNose to Provide a Power of Attorney**

#### **A. Question Presented**

Whether the Court of Chancery erred by ordering OptiNose to provide Currax a power of attorney, including by holding that the agreement required OptiNose to provide a power of attorney and by concluding that the equities favored granting Currax a form of relief that would “empower a breach” and give it the key to “open [] forbidden doors,” which would cause irreparable harm to OptiNose. (A0145, A0290-291, A0295.)

#### **B. Scope of Review**

Matters of contract interpretation are reviewed *de novo*. *Salamone*, 106 A.3d at 367 (Del. 2014). (“We review questions of contract interpretation *de novo*.”). A grant of injunctive relief is reviewed for abuse of discretion. *BlackRock Credit Allocation Income Trust v. Saba Capital Master Fund, Ltd.*, 224 A.3d 964, 975 (Del. 2020). Any “embedded legal conclusions, however, are reviewed *de novo*.” *Id.*

#### **C. Merits of Argument**

For all the reasons described above, the Court of Chancery should never have reached the point of deciding whether to grant Currax any relief, because the Court of Chancery should have concluded that Currax could not file a terminal

disclaimer without leave from OptiNose and that OptiNose was not in breach of the Agreement. Even if the Court of Chancery had properly concluded that Currax was empowered to file a terminal disclaimer, however, that court erred when it held that the Agreement required OptiNose to provide Currax a power of attorney.

Nothing in the Agreement specifies [REDACTED]

[REDACTED] Moreover, the Agreement expressly states that [REDACTED]

[REDACTED] Because the Agreement does not set forth a right to a power of attorney, the Court of Chancery was wrong to find one by implication. Instead, even if the Court of Chancery had properly determined that Currax was permitted to file a terminal disclaimer, OptiNose should have been able to facilitate the filing of that terminal disclaimer in any available manner, including by filing it directly.

The Court of Chancery also erred in holding that the equities favored granting Currax the relief of a power of attorney. Not only was that conclusion based on misinterpreting the Agreement as requiring a power of attorney, but it also failed to account for the potential of irreparable harm to OptiNose. As the Court of Chancery readily acknowledged, a power of attorney would empower Currax to “exercise some authority that the Agreement prohibits,” would

“empower a breach,” and would provide Currax “a key that can open many doors,” including “forbidden doors.” (Opinion at 23-24.) It would, for example, [REDACTED]

[REDACTED] OptiNose should no more be required to hand Currax a key to all “forbidden doors” than a bank should be required to hand a safety-deposit-box holder a key to its whole vault. Limited rights should not be effectuated by unlimited power.

In sum, even if the Court of Chancery had properly determined that Currax was permitted to file a terminal disclaimer, it erred when it concluded that this must be effectuated by a power of attorney. OptiNose’s filing of that terminal disclaimer directly is both appropriate and far better tailored to the scope of Currax’s purported right. It also avoids the substantial risk of irreparable harm to OptiNose that would arise from a power of attorney (which would allow Currax to breach the Agreement by opening “forbidden doors” and taking irrevocable action on OptiNose’s behalf), while creating no risk of irreparable harm to Currax (because the terminal disclaimer, if appropriate, could still be filed by OptiNose).

## CONCLUSION

For the foregoing reasons, this Court should hold that Currax is not empowered to file the terminal disclaimer at-issue without OptiNose's approval, that the Court of Chancery erred to the extent it's opinion suggests that terminal disclaimers can never be subject to OptiNose's approval right, that the Court of Chancery erred by holding that a terminal disclaimer did not "abandon or not maintain" a patent, and that the Court of Chancery erred by holding that OptiNose was required to provide Currax a power of attorney. Accordingly, OptiNose respectfully requests that this Court reverse the Court of Chancery's order granting Currax's motion for judgment on the pleadings and its order denying OptiNose's motion for judgment on the pleadings.

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