

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TESSELL, INC.,
Petitioner,

v.

NUTANIX, INC.,
Patent Owner.

Case IPR2025-00298
Patent No. 11,860,818

**PATENT OWNER'S RESPONSE TO PETITIONER'S REQUEST FOR
REHEARING OF DIRECTOR REVIEW DECISION**

TABLE OF AUTHORITIES

Cases

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37 C.F.R. 42.75(a).....2

The Director properly denied institution of this *inter partes* review and nothing in Tessell’s Request for Rehearing, Paper 18 (“Request”), shows otherwise. Indeed, the Director has already considered and rejected the arguments raised in Tessell’s Request. *See Tessell, Inc. v. Nutanix, Inc.*, IPR2025-00322, Paper No. 18 at 2 (P.T.A.B. Aug. 25, 2025) (denying Director Review on the same arguments Tessell raises here). Tessell’s Request otherwise fails to identify any matter the Director purportedly misapprehended or overlooked in denying institution and only reargues issues the Director decided. *See* Section 5.C.ii of the Director Review Process (citing 37 C.F.R. § 42.71(d)). Tessell’s Request should therefore be denied.

I. The Director did not abuse any discretion by improperly relying on assignor estoppel.

Tessell argues that the Director exceeded the authority granted under 35 U.S.C. § 314(a) by improperly relying on assignor estoppel. Request at 1. Not so. Instead, the Director acknowledged that “[a]ssignor estoppel does not apply in *inter partes* reviews (‘IPR’) under 35 U.S.C. § 311(a). *See Arista Networks, Inc. v. Cisco Sys., Inc.*, 908 F.3d 792, 804 (Fed. Cir. 2018)[].” Paper No. 17 (“Decision”) at 2. Far from applying assignor estoppel “contrary to binding law” as Tessell argues, Request at 1, the Director assessed all of the evidence and arguments presented, including whether institution would be “an efficient use of Office resources” in light of unfair dealings by the inventors. Decision at 3. “The Supreme Court has determined that such a decision [to deny institution] is committed to agency discretion by law.”

Mylan Lab 'ys Ltd. v. Janssen Pharmaceutica, N.V., 989 F.3d 1375, 1382 (Fed Cir. 2021).

Tessell also argues that the Director should yield to the merits panel that excused the inventors' unfair dealings when instituting this IPR, Request at 3, but Tessell has it backward. It is the Director, not the panel, that has final authority. *U.S. v. Arthrex, Inc.*, 594 U.S. 1, 25 (2021) ("Because Congress has vested the Director with the 'power and duties' of the PTO, § 3(a)(1), the Director has the authority to provide for a means of reviewing PTAB decisions."); *see* 37 C.F.R. 42.75(a).

II. Tessell has no right to institution.

Tessell argues that the denial deprives it of a "right" granted by Congress, Request at 3, but it is well settled that there is no right to institution. "The Director is permitted, but never compelled, to institute an IPR. And no petitioner has a right to such institution." *Mylan*, 989 F.3d at 1382. Indeed, the Supreme Court has explained that the statute contains "no mandate to institute review": the "decision to deny a petition is a matter committed to the Patent Office's discretion. *See* [5 U.S.C.] § 701(a)(2); 35 U.S.C. § 314(a) (no mandate to institute review)." *Cuozzo Speed Techs., LLC v. Commerce for Intell. Prop.*, 136 S. Ct. 2131, 2140 (2016).

III. Tessell's attempt to "cabin" the Director's discretion is not supported by the cases it cites.

Tessell cites two Supreme Court cases for the proposition that "discretion . . . is . . . cabined by the law," Request at 3, but neither calls into question the discretion

properly exercised by the Director here. To the contrary, in *Kirtsaeng v. John Wiley & Sons, Inc.*, the Supreme Court rejected an attempt to overly restrict how a district court may apply its “broad discretion” to award fees in copyright cases, admonishing the appeals court for going “too far in cabin[ing] how a district court must structure its analysis and what it may conclude from its review of relevant factors.” 579 U.S. 197, 209-10 (2016). Like the Copyright Act in *Kirtsaeng*, the IPR statute “confers broad discretion” that involves “a range of considerations.” *Id.* at 207; *see Cuozzo*, 136 S. Ct. at 2140. Instead of supporting Tessell’s attempt to “cabin” the Director’s discretion, *Kirtsaeng* demonstrates that the Director acted properly here. *Flight Attendants v. Zipes*, 491 U.S. 754 (1989), is likewise unhelpful to Tessell, which has not explained how this ruling would apply here (it does not).

Tessell’s case law argument is even weaker with Federal Circuit precedent. When writing that the Merit Systems Protection Board “must administer the law as Congress wrote it,” Request at 3, the Federal Circuit was interpreting a statute that requires that the MSPB “shall adjudicate any complaint brought before [it].” *Kirkendall v. Dep’t of Army*, 479 F.3d 830, 844 (Fed. Cir. 2007) (quoting 38 U.S.C. § 4324(c)(1)). Because “[t]he unambiguous meaning of the language is that any veteran who requests a hearing shall receive one,” the Court rejected the MSPB’s practice of denying hearings at its own convenience. *Id.* This stands in stark contrast to 35 U.S.C. § 314(a), which uses the term “may” and which has been interpreted as

committing denial decisions “to the Patent Office’s discretion.” *Cuozzo*, 136 S. Ct. at 2140. *Kirkendall* highlights the propriety of the Director’s decision here. And Tessell’s citation to 35 U.S.C. § 2(b)(2), Request at 3, does not call that into question. As the Federal Circuit has explained, “the Supreme Court has determined that such a decision [to deny institution] is committed to agency discretion by law.” *Mylan*, 989 F.3d at 1382.

IV. Tessell fails to identify any matter the Director misapprehended or overlooked

Tessell’s Request should also be denied because a request for rehearing is not an opportunity to reargue or disagree with issues the Director decided. *See* Section 5.C.ii of the Director Review Process (citing 37 C.F.R. § 42.71(d)). Tessell was instead required to identify matters the Director “misapprehended or overlooked.” 37 C.F.R. § 42.71(d). Tessell’s request fails to do this because the Director did not misapprehend or overlook any matter in the Decision. Request at 1-3. Tessell simply disputes the reasons for denying institution based on the Director’s discretion. *See id.* Tessell’s Request should be denied.

Respectfully submitted,

Dated: September 29, 2025

By: /Erika Harmon Arner/

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing **Patent Owner's Response to Petitioner's Request for Rehearing of Director Review Decision** was served electronically via email on September 29, 2025, in its entirety on the following:

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