

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TESSELL, INC.,
Petitioner,

v.

NUTANIX, INC.,
Patent Owner.

Case IPR2025-00322
Patent No. 11,010,336

**PATENT OWNER'S REQUEST FOR
DISCRETIONARY DENIAL OF INSTITUTION**

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Pursuant to the Director's March 26, 2025 Memorandum Regarding Interim Processes for PTAB Workload Management, Patent Owner files this Request for Discretionary Denial of Institution.

I. Introduction

The story of this IPR begins in an unusual way. Petitioner's founders and employees recognized a problem in the art. They invented a solution. And they marketed the solution. They did all of this while employed by Patent Owner Nutanix.

After profiting a first time from their invention by assigning their rights in the '336 patent to their employer at the time, Nutanix, Balasubrahmanyam Kuchibhotla and Kamaldeep Khanuja left Nutanix and founded Petitioner Tessell, hiring away two other Nutanix employees, Sujit Menon and Maneesh Rawat. Then, these inventors sought to use their new company, Petitioner Tessell, to profit from their invention a second time by using it to compete with Nutanix.

Having been sued for infringement of the '336 patent, the inventors now challenge their own patent in this IPR. 35 U.S.C. § 311(a) may not preclude the inventors from challenging their own patent, but the Director has discretion under 35 U.S.C. § 314(a) to stop them from doing so. The Director should act to "secure the just, speedy, and inexpensive resolution of every proceeding." 37 C.F.R. § 42.1(b). Here, that means avoiding the injustice of the inventors making the invention while employed at Nutanix, assigning the '336 patent to their then-employer, and then

using this proceeding to attack it through their new employer, Petitioner Tessell. For this reason, Nutanix asks the Director to deny institution using her discretion under 35 U.S.C. § 314(a).

II. Petitioner Should Not Be Allowed to Challenge the '336 Patent

The Director should exercise her discretion to deny institution of this proceeding to “secure the just, speedy, and inexpensive resolution of every proceeding.” 37 C.F.R. § 42.1(b). Specifically, to secure the just and inexpensive resolution of this proceeding, and to secure the speedy resolution of other proceedings (by not wasting any more time on this proceeding), the Director should exercise her discretion to deny institution based on the inventors’ unfair dealing.¹

¹ The Board and the Federal Circuit have previously held that assignor estoppel does not apply in IPRs based on the language of 35 U.S.C. § 311(a). *Athena Automation Ltd. v. Husky Injection Molding Sys. Ltd.*, IPR2013-00290, Paper 18, at 12-13 (PTAB Oct. 25, 2013) (precedential as to § II.A); *Arista Networks, Inc. v. Cisco Sys., Inc.*, 908 F.3d 792, 804 (Fed. Cir. 2018). But Nutanix is not arguing that assignor estoppel applies based on § 311(a). Nutanix is arguing that the Director should exercise its discretion under § 314(a) in view of the inventors’ unfair dealing, something neither *Athena Automation* nor *Arista Networks* addressed.

Discretionary denial is justified on fairness grounds based on the inventors' attempt to profit twice from their invention. *Minerva Surgical, Inc. v. Hologic, Inc.*, 594 U.S. 559, 574-75 (2021). As the Supreme Court has explained, when “a person sells his patent rights, he makes an (at least) implicit representation to the buyer that the patent at issue is valid—that it will actually give the buyer his sought-for monopoly. In later raising an invalidity defense, the assignor disavows that implied warranty. And he does so in service of regaining access to the invention he has just sold.” *Id.* at 575 (footnote omitted). That is “unfair dealing—enough to outweigh any loss to the public from leaving an invalidity defense to someone other than the assignor.” *Id.*

In this case, the Director should deny institution based on the actions of inventors Balasubrahmanyam Kuchibhotla, Kamaldeep Khanuja, Sujit Menon, and Maneesh Rawat. While working at Nutanix, these inventors assigned their rights to the inventions of the '336 patent to Nutanix. EX1002, 18-20. After profiting from Nutanix by doing so, Kuchibhotla and Khanuja left Nutanix to found Petitioner Tessell. EX2010; EX2011. They subsequently hired Menon and Rawat away from Nutanix. EX2012; EX2013. At Petitioner Tessell, the inventors sought to profit from their invention a second time by using it to compete with Nutanix. But as the Supreme Court stated, they should not be allowed to “profit doubly—by gaining both the price of assigning the patent and the continued right to use the invention it

covers.” *Minerva Surgical*, 594 U.S. at 575. They should not be allowed to challenge the validity of the ’336 patent. *See id.* The same goes for Petitioner. *Mentor Graphics Corp. v. Quickturn Design Sys., Inc.*, 150 F.3d 1374, 1379 (Fed. Cir. 1998) (treating like assignors parties in privity with the assignors). The Director should exercise her discretion under 35 U.S.C. § 314(a) to deny institution.

III. The Parties Settled Expectations Favor Discretionary Denial

The ’336 patent was filed on December 27, 2018 and issued on May 18, 2021. Before the ’336 patent, provisioning a database was a labor-intensive manual process that “involve[d] creating and/or associating databases with the database system for management and use.” EX1001, 3:32-34. The complex steps required for this creating and associating often took a user days to complete because they involved working with separate entities for several database provisioning and usage steps. *Id.*, 3:34-55. In the words of inventor Kuchibhotla in October 2019 while he was Vice President and General Manager for Nutanix Era and Business Critical Apps, “I still see provisioning is one of the biggest pain point[s] that it takes like three to five weeks to kind of even create a database for some of our big customers and it kind of spans across multiple teams.” EX2006, 1:54-2:05; EX2007, 1:54-2:05.

With the invention of the ’336 patent, Nutanix changed the game. By allowing users to input a series of parameters to provision and manage a database, the database could be provisioned in a matter of minutes instead of days. EX1001, 4:3-

11. In claim 1, the input parameters include a database engine and a selection of a Service Level Agreement (“SLA”) and a protection schedule for protecting a database. *Id.*, 40:2-23. In May 2019, while VP/GM at Nutanix, inventor Kuchibhotla marketed how easily a user can input parameters to provision a database within minutes. EX2008, 2:20-4:46; EX2009, 2:20-4:46.

Despite inventors Kuchibhotla and Khanuja founding Petitioner Tessell in March 2021 and hiring away inventors Menon and Rawat in the following months, none challenged the validity of the ’336 patent in 2021. None challenged the validity of the ’336 patent in 2022. And none challenged the validity of the ’336 patent in 2023.

It was not until the end of 2024, after Nutanix sued the inventors’ new company, Petitioner Tessell, for, among other things, patent infringement, that they changed their tune. Now, Petitioner asserts that the same ’336 patent that the inventors previously touted and profited from is invalid. Petitioner’s challenge, which is directly counter to the well-settled expectations of the parties that the ’336 patent is valid, should be discretionarily denied.

IV. Conclusion

Because Petitioner Tessell attempts to unfairly profit twice from the inventions claimed in the ’336 patent, contrary to the settled expectations of the parties, Patent

Owner Nutanix respectfully requests the Director exercise her discretion to deny institution of inter partes review.

Respectfully submitted,

Dated: April 28, 2025

By: /Joshua L. Goldberg/
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CERTIFICATE OF COMPLIANCE

Pursuant to 37 C.F.R. § 42.24(d), I, Joshua L. Goldberg, certify that **Patent Owner's Request for Discretionary Denial of Institution** contains 1,192 words, excluding those portions identified in 37 C.F.R. § 42.24(a), as measured by the word-processing system used to prepare this paper.

Dated: April 28, 2025

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing **Patent Owner's Request for Discretionary Denial of Institution** was served electronically via email on April 28, 2025, in its entirety on the following:

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Petitioner has consented to service by electronic mail.

Dated: April 28, 2025

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