

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TESSELL, INC.,
Petitioner,

v.

NUTANIX, INC.,
Patent Owner.

Case IPR2025-00732
Patent No. 10,817,157

**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

For the same reasons the Director exercised her discretion to deny institution in related proceeding IPR2025-00322, the Director should deny institution here: “[i]t is not an appropriate use of Office resources where the inventors applied for and were issued a patent, but, as is the case here, now advocate for its unpatentability.” *Tessell, Inc. v. Nutanix, Inc.*, IPR2025-00322, Paper 14 at 2 (P.T.A.B. Jun. 12, 2025) (granting Patent Owner's request for discretionary denial and denying institution of *inter partes* review).

Just like that case, Petitioner Tessell's founders and employees recognized a problem in the art, invented a solution, and marketed the solution. They did so while employed by Patent Owner Nutanix. After profiting from their invention by assigning their rights in the '157 patent to their employer at the time, Nutanix, Balasubrahmanyam Kuchibhotla and Bakul Banthia left Nutanix and founded Petitioner Tessell. These inventors then 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 '157 patent, the inventors now challenge their own patent in this IPR. As held in IPR2025-00322, the Director has discretion under 35 U.S.C. § 314(a) to preclude the inventors from challenging their own patent. Based on equity, and to “secure the just, speedy, and inexpensive resolution of every proceeding,” the Director should prevent the injustice of the inventors using this proceeding to attack a patent they invented and assigned to Patent Owner Nutanix through their new employer, Petitioner Tessell.

II. Petitioner Should Not Be Allowed to Challenge the '157 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). 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.*,

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 held, 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 and Bakul Banthia. While working at Nutanix, these inventors assigned their rights to the inventions of the '157 patent to

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 her discretion under § 314(a) in view of the inventors' unfair dealing, something the Director has endorsed as available under her discretion. *See Tessell*, IPR2025-00322, Paper 14, at 2 (“[T]he office may consider unfair dealings as a factor when determining whether to exercise discretion to deny institution under 35 U.S.C. § 314(a).”)

Nutanix. EX1002, 124-26. This assignment was “[f]or good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged” and was executed on November 16, 2018—about one month before the application leading to the ’157 patent was filed. *Id.* The inventors thus conceded profiting from assignment of the ’157 patent. And in the assignment, the inventors represented and warranted that they would not execute any document or instrument in conflict with their assignment of the ’157 patent to Nutanix. *Id.*

After assigning the ’157 patent to Nutanix, Kuchibhotla and Banthia left Nutanix to found Petitioner Tessell. EX2010; EX2011. At Tessell, the inventors sought to profit from their invention a second time by using it to compete with Nutanix. They then challenged the ’157 patent through this *inter partes* review, contravening their representations and warranties in their assignment agreement. As the Supreme Court has held, inventors 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. This applies equally to Petitioner Tessell. *Mentor Graphics Corp. v. Quickturn Design Sys., Inc.*, 150 F.3d 1374, 1379 (Fed. Cir. 1998). As the Director has previously found, this unfair dealing “is not an appropriate use of Office resources.” *Tessell*, IPR2025-00322, Paper 14, at 2. The Director should exercise her discretion under 35 U.S.C. § 314(a) to deny institution.

III. Sivasubramanian and Zha Were Both Materially Considered During Prosecution, Favoring Discretionary Denial

The Board should deny institution under 35 U.S.C. § 325(d) because Petitioner presents the same art previously considered by the Office and fails to demonstrate that the Office erred in a manner material to the patentability. *See Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6, at 8-9 (PTAB Feb. 13, 2020) (precedential); *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8, at 17-18 (PTAB Dec. 15, 2017) (precedential as to § III.C.5, first paragraph).

A. Sivasubramanian and Zha Were Considered

During prosecution of the '157 patent, the Examiner's search identified U.S. Pub. No. 2014/0229698 (EX2004), which is a continuation of the application that issued as Sivasubramanian that has the same disclosure. EX1002, 288-91; EX1005. In the same search, the Examiner uncovered U.S. Pub. No. 2011/0093435 (EX2005), which is the publication of Zha. EX1002, 288-91.

Petitioner concedes that "Zha and a descendant of Sivasubramanian were of record" during prosecution. Pet. 88-89. These references are the same and substantially the same as prior art previously presented to the Office. For example, under *Becton, Dickinson* factor (a), Sivasubramanian and Zha have the same disclosures as the Zha reference and descendant of Sivasubramanian cited to the Office during prosecution

of the '157 patent. *See Becton, Dickinson*, IPR2017-01586, Paper 8 at 18-20. There are thus no material differences between these references. *Id.* Similarly, under *Becton, Dickinson* factor (b), Sivasubramanian and Zha are not merely cumulative of the references considered during prosecution, they are substantively identical. *Id.*, 21-23. Because substantively identical art was presented to the Office during prosecution of the '157 patent, *Becton, Dickinson* factor (d) is irrelevant to the analysis. *See id.*, 23-24; *Nokia of Am. Corp. v. Soto*, IPR2023-00680, Paper 18, at 4 (PTAB Mar. 28, 2024) (Director Review) (“[T]he first part of the *Advanced Bionics* framework is satisfied if either substantially the same prior art *or* substantially the same arguments were previously presented to the Office . . .”). The Examiner’s acknowledgement of these references is alone sufficient under *Advanced Bionics*. *See Ecto World, LLC v. RAI Strategic Holdings, Inc.*, IPR2024-01280, Paper 13 at 4 (PTAB May 19, 2025) (Precedential).

Petitioner erroneously argues that prong one of *Advanced Bionics* “weighs against discretionary denial” because “the examiner did not articulate any consideration” of Sivasubramanian and Zha in the record. Pet. 89. Petitioner’s argument is flawed because Petitioner relies on a notice of proposed rulemaking to present the previous Patent Office Director’s intent for discretionary denial determinations. *See id.* Notices of proposed rulemaking, however, are not law and are not binding. Because no such rule has been promulgated, Petitioner’s applies the

incorrect standard. *See Advanced Bionics*, IPR2019-01469, Paper 6, at 7-8 (“Previously presented art includes art made of record by the Examiner, and art provided to the Office by an applicant, such as on an Information Disclosure Statement (IDS), in the prosecution history of the challenged patent.”); *Ecto World*, IPR2024-01280, Paper 13 at 4. Under the correct standard, and as Petitioner concedes, Sivasubramanian and Zha were both before the Office during prosecution of the ’157 patent, and prong one of the *Advanced Bionics* framework is satisfied.

B. Petitioner Fails to Demonstrate Any Material Error in the Office’s Review of Sivasubramanian and Zha

“If, after review of factors (a), (b), and (d), it is determined that the same or substantially the same art or arguments previously were presented to the Office, then [*Becton, Dickinson*] factors (c), (e), and (f) relate to whether the petitioner has demonstrated a material error by the Office.” *Advanced Bionics*, IPR2019-01469, Paper 6, at 10. *Becton, Dickinson* describes these factors as follows: “(c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection”; “(e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments.” IPR2017-01586, Paper 8, at 17-18.

With respect to *Becton, Dickinson* factor (c), Petitioner asserts that the mere fact that the Examiner did not use Sivasubramanian or Zha in a rejection weighs against denial. Petitioner's assertion, however, overlooks that the descendant of Sivasubramanian, U.S. Pub. No. 2014/0229698, was first cited by the Examiner in a Notice of References Cited, during prosecution of the '157 patent. EX1002, 289. In the same Notice of References Cited, the Examiner cited Zha's publication, U.S. Pub. No. 2011/0093435. *Id.*, 288. Following this search, the Examiner issued an examiner's amendment and allowed the claims, finding that "the prior art fails to disclose or suggest the combination of limitations recited in the claims 1, 23, and 29" (*id.*, 276-87), which include creating a source database upon receiving, among other things, selection of an SLA through a GUI. Thus, the Patent Office introduced and substantively considered the teachings of Sivasubramanian and Zha. *Becton, Dickinson* factor (c) favors denial.

With respect to *Becton, Dickinson* factor (e), Petitioner fails to point out specifically how the Examiner erred in evaluating Sivasubramanian and Zha. *See Advanced Bionics*, IPR2019-01469, Paper 6, at 21 ("Petitioner must demonstrate that the Examiner erred in the evaluation of the prior art, for example, by showing that the Examiner misapprehended or overlooked specific teachings in the relevant prior art such that the error by the Office was material to the patentability of the challenged claims."); *see id.* at 8-9 n.9. Petitioner simply disagrees with the Examiner's

consideration of Sivasubramanian and Zha, an “error” that the Board has repeatedly rejected. *See Siemens Mobility, Inc. v. Metrom Rail, LLC*, IPR2024-00947, Paper 12, at 17-19 (PTAB Nov. 19, 2024); *Fitesa Simpsonville, Inc. v. Procter & Gamble Co.*, IPR2023-01450, Paper 11, at 20 (PTAB Mar. 20, 2024) (“Petitioner merely disagrees with the Examiner’s findings and conclusions[,] which is insufficient to establish material error by the Office.”). To satisfy its burden under *Becton, Dickinson* factor (e), it is not sufficient for Petitioner to merely point to the Petition’s mapping of claim limitations to the applied references. *See Advanced Bionics*, IPR2019-01469, Paper 6, at 9 (“If reasonable minds can disagree regarding the purported treatment of the art or arguments, it cannot be said that the Office erred in a manner material to patentability. At bottom, this framework reflects a commitment to defer to previous Office evaluations of the evidence of record unless material error is shown.”); *Ecto World*, IPR2024-01280, Paper 13 at 5-6 (“[A] petitioner must explain . . . how the Examiner erred in overlooking the prior art. . . . Here, Petitioner’s generalized statements as to the strength of its Petition fail to identify sufficiently a material error.”). *Becton, Dickinson* factor (e) thus favors denial.

With respect to *Becton, Dickinson* factor (f), Petitioner asserts only that the Examiner was not presented with “the expert testimony and evidence of a POSA’s background knowledge presented in this Petition regarding why the claims are obvious.” Pet. 90. But if raising the same art and adding an accompanying expert

declaration were the standard, § 325(d) would be rendered superfluous in IPR proceedings. Absence of expert testimony for this feature during prosecution cannot demonstrate examiner error because rarely, if ever, is the same expert testimony and evidence presented in an IPR petition available in prosecution history. Moreover, this conclusory assertion fails to explain what facts or evidence the Examiner supposedly overlooked and fails to explain how they demonstrate material error by the Office. *See Ecto World*, IPR2024-01280, Paper 13 at 5-6. As explained above, neither Sivasubramanian nor Zha discloses the limitation cited in the Examiner's Reasons for Allowance. Petitioner's conclusory analysis fails to demonstrate error in that determination. *Becton, Dickinson* factor (f) thus favors denial.

In sum, the Director should exercise her discretion under 35 U.S.C. § 325(d) to deny institution.

IV. The Parties' Settled Expectations Favor Discretionary Denial

The '157 patent was filed on December 20, 2018, and issued on October 27, 2020. Before the '157 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, 3:31-33. 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.*, 3:33-54. 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 ’157 patent, Nutanix changed the game. By providing an innovative GUI to provision and manage a database, the database could be provisioned in a matter of minutes instead of days. EX1001, 4:2-10. In claim 1, the input parameters include a database engine and a selection of a Service Level Agreement (“SLA”). *Id.*, 40:10-12, 40:22-23. 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.

Inventors Kuchibhotla and Banthia founded Petitioner Tessell. Petitioner therefore knew of the application that matured into the ’157 patent at least as early as its filing date, December 20, 2018. Despite Petitioner knowing of the inventions as early as 2018 through its inventors, Petitioner did not challenge the ’157 patent for over six years. Settled expectations of the parties—caused by Petitioner’s representations and warranties to Nutanix and the Patent Office via their assignments—and the passage of time between Petitioner’s knowledge of the patent application for the ’157 patent and the filing of the IPR petition, counsel against institution.

V. Conclusion

Because Petitioner Tessell attempts to unfairly profit twice from the inventions claimed in the '157 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: June 16, 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** contains 2,600 words, as measured by the word-processing system used to prepare this paper.

Dated: June 16, 2025

/Joshua L. Goldberg/

Joshua L. Goldberg

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing **Patent Owner's Request for Discretionary Denial** was served electronically via email on June 16, 2025, in their entirety on the following:

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