Paper No. 11
Filed: September 23, 2025

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 RESPONSE TO PETITIONER'S REQUEST FOR DIRECTOR REVIEW OF DECISION DENYING INSTITUTION

TABLE OF AUTHORITIES

Cases

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908 F.3d 792 (Fed. Cir. 2018) 1

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IPR2025-00322, Paper No. 18 (P.T.A.B. Aug. 25, 2025).....1

U.S. v. Arthrex, Inc.,
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Federal Statutes

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Regulations

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

The Director properly exercised discretion to deny institution of this *inter partes* review and nothing in Tessell's Request for Director Review, Paper 10 ("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).

I. The Director did not abuse her 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 incorporated the analysis from the decision denying institution of Tessell's IPR challenging Nutanix's U.S. Patent No. 11,010,336. Paper 9 ("Decision") at 2. There, the Director acknowledged that "assignor estoppel does not apply in *inter partes* reviews under 35 U.S.C. § 311 (*see Arista Networks, Inc. v. Cisco Sys., Inc.*, 908 F.3d 792, 804 (Fed. Cir. 2018))." *Tessell, Inc. v. Nutanix, Inc.*, IPR2025-00322, Paper No. 14 at 2 (P.T.A.B. June 12, 2025). Far from applying assignor estoppel "contrary to binding law" as Tessell argues, Request at 1, the Director engaged in "a holistic assessment of all of the evidence and arguments presented," including whether institution would be "an appropriate use of Office resources" in light of unfair dealings by the inventors. IPR2025-00322, Paper No. 14 at 2-3. "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 IPR2025-00298, 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). In fact, the Director has already vacated the institution decision in that case because "[i]t is not an efficient use of Office resources to institute an IPR on a patent where the inventors of that patent now advocate for its unpatentability." *Tessell, Inc. v. Nutanix, Inc.*, IPR2025-00298, Paper No. 17 at 3 (P.T.A.B. Aug. 22, 2025).

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 cabining 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.

Nutanix respectfully requests that the Director reject Tessell's request to overturn the Decision Denying Institution.

Respectfully submitted,

Dated: September 23, 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 Director Review of Decision Denying Institution** was served electronically via email on September 23, 2025, in its entirety on the following:

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Petitioner has consented to electronic service by email.

Dated: September 23, 2025

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