

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TESSELL, INC.,
Petitioner,

v.

NUTANIX, INC.,
Patent Owner.

Case IPR2025-00733
Patent No. 11,640,340

**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 '340 patent to their employer at the time, Nutanix, Kamaldeep Khanuja and Bakul Banthia left Nutanix and founded Petitioner Tessell, hiring away another Nutanix employee, Sagar Sontakke. 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 '340 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 '340 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 Sagar Sontakke, Kamaldeep Khanuja, and Bakul Banthia. While working at Nutanix, these inventors assigned their rights to the inventions of the '340 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, 60-62; EX2001, 3-5. This assignment was “[f]or good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged” and the inventors executed it on February 22 and 23, 2021—around the time the application leading to the ’340 patent was filed. EX2001, 3-5. The inventors thus conceded profiting from assignment of the ’340 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 ’340 patent to Nutanix. *Id.*

After assigning the ’340 patent to Nutanix, Kamaldeep Khanuja and Bakul Banthia left Nutanix to found Petitioner Tessell. EX2010; EX2011. They subsequently hired Sontakke away from Nutanix. EX2012. At Tessell, the inventors sought to profit from their invention a second time by using it to compete with Nutanix. They then challenged the ’340 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. The Parties' Settled Expectations Favor Discretionary Denial

The '340 patent was filed on February 23, 2021 and issued on May 2, 2023. Before the '340 patent, backing up a highly available database involved a trade-off between wasteful memory use and manual monitoring of database nodes. EX1001, 6:17-34. Highly available databases are those in which redundant copies of a source database are maintained across nodes to avoid a single point of failure associated with a single-instance database—unlike a database stored on a single node, if one of many nodes becomes unavailable, the highly available database can still operate on another node. *Id.*, 5:34-61. Traditionally, to back up such a highly available database, snapshots and transactional logs needed to be created from each copy of the source database. *Id.*, 5:65-6:3. But creating backups for redundant copies was wasteful because it required storage of the redundant backups without any added benefit. *Id.*, 6:4-9. The alternative was to back up only a single copy of the source database, but doing so re-introduced the single-point-of-failure problem of a single-instance database. *Id.*, 6:9-14. So, a user had to manually monitor the redundant nodes and select an available node for backups. *Id.*, 6:18-29. There was thus a tradeoff: either storage space was wasted or user time was wasted. *Id.*, 6:17-34.

With the invention of the '340 patent, Nutanix eliminated the tradeoff. The '340 patent introduced a mechanism that designates one node as an active node from which to take backups and automatically selects another active node when the first active

node becomes unavailable. *Id.*, 6:46-55. By selecting a single active node and automatically switching active nodes in the case of node unavailability, the '340 patent removes the tradeoff in wasted memory or wasted user time that was previously associated with backing up a highly available database. *Id.*, 6:57-59.

Inventors Khanuja and Banthia founded Petitioner Tessell, while inventor Sontakke works for Petitioner Tessell. Petitioner therefore knew of the application that matured into the '340 patent at least as early as its filing date, February 23, 2021. Despite Petitioner knowing of the inventions as early as 2021 through its inventors, Petitioner did not challenge the '340 patent for over four 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 '340 patent and the filing of the IPR petition, counsel against institution.

IV. Conclusion

Because Petitioner Tessell attempts to unfairly profit twice from the inventions claimed in the '340 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 1,391 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: June 16, 2025

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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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Petitioner has consented to service by electronic mail.

Dated: June 16, 2025

/Lisa C. Hines/

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