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Paper 17
Date: August 22, 2025

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

TESSELL, INC.,
Petitioner,

v.

NUTANIX, INC.,
Patent Owner.

IPR2025-00298
Patent 11,860,818 B2

Before COKE MORGAN STEWART, *Acting Under Secretary of Commerce for Intellectual Property and Acting Director of the United States Patent and Trademark Office*.

ORDER
Granting Director Review, Vacating the Decision Granting Institution, and Denying Institution of *Inter Partes* Review

Nutanix, Inc. ("Nutanix" or "Patent Owner") filed a request for Director Review of the Decision granting institution ("Decision," Paper 11) in the above-captioned case, and Tessell, Inc. ("Tessell" or "Petitioner") filed an authorized response. *See* Paper 13 ("DR Request"); Paper 14. Patent Owner argues that the Decision should be reversed for the reasons provided in the decision exercising discretion to deny institution in related proceeding IPR2025-00322 because the facts and circumstances in this case are the same. DR Request 1.

Petitioner responds that IPR2025-00322 involved a different challenged patent—the parent to the patent challenged in this case—and that the claims of the patent challenged in this case are broader than the claims challenged in IPR2025-00322. Paper 14, 1, 4. Petitioner also argues that settled expectations support the Board's institution decision because Petitioner filed its petition the same year that the challenged patent issued. *Id.* at 5.

Patent Owner's argument is persuasive. Assignor 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)). The Director, however, has broad authority to determine whether to institute an IPR. *See* 35 U.S.C. § 314(a); *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (holding that the Director's "decision to deny a petition is a matter committed to the Patent Office's discretion"). "For example, the Director is free . . . to determine that for reasons of administrative efficiency an IPR will not be instituted." *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021).

Here, Balasubrahmanyam Kuchibhotla, Kamaldeep Khanuja, Sujit Menon, and Maneesh Rawat were Nutanix employees when they invented and assigned their rights to the subject matter of what eventually became the challenged patent. DR Request 2; Ex. 2002, 18–20. Subsequently, inventors Kuchibhotla and Khanuja left Nutanix and founded Tessell. DR Request 3; Paper 14, 1, 3. Tessell later hired inventors Menon and Rawat. DR Request 3. Tessell, which includes nearly all the inventors of the challenged patent, *id.* at 3, now argues that the claims of that patent are unpatentable. It 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.

Further, although Petitioner argues that the challenged patent's claims are broader than the claims of the parent patent and eliminate "a core aspect of the alleged invention – a hyperconverged structure," Paper 14, 4, Petitioner does not provide a sufficient analysis demonstrating that the scope of the challenged claims is broader than the originally-filed specification. *See generally id.* Indeed, Petitioner acknowledges that the challenged patent's dependent claims recite a hyperconverged structure. Paper 14, 3–4.

In consideration of the foregoing, it is:

ORDERED that Director Review is granted;

FURTHER ORDERED that the Decision granting institution of *inter partes* review (Paper 11) is vacated; and

FURTHER ORDERED that the petition is denied, and no trial is instituted.

FOR PETITIONER:

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