2025-__

United States Court of Appeals for the Federal Circuit

IN RE TESSELL, INC.,
Petitioner,

On petition for writ of mandamus to the United States Patent and Trademark Office, Patent Trial and Appeal Board, in Nos. IPR2025-00298, IPR2025-00322, IPR2025-00732, and IPR2025-00733

PETITION FOR WRIT OF MANDAMUS

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CERTIFICATE OF INTEREST

Petitioner's undersigned counsel certified that the following information is accurate and complete to the best of counsel's knowledge:

1. Represented Entities. Fed. Cir. R. 47.4(a)(1): "The full name of every entity represented in the case by the counsel filing the certificate."

Tessell, Inc.

2. Real Party in Interest. Fed. Cir. R. 47.4(a)(2): "For each entity, the name of every real party in interest, if that entity is not the real party in interest."

N/A

3. Parent Corporations and Stockholders. Fed. Cir. R. 47.4(a)(3): "For each entity, that entity's parent corporation(s) and every publicly held corporation that owns ten percent (10%) or more of its stock."

N/A

4. Legal Representatives. Fed. Cir. R. 47.4(a)(4): "The names of all law firms, partners, and associates that have not entered an appearance in the appeal, and (A) appeared for the entity in the lower tribunal; or (B) are expected to appear for the entity in this court."

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5. Related Cases. Fed. Cir. R. 47.4(a)(5): "An indication as to whether there are any related or prior cases, other than the originating case number(s), that meet the criteria under Federal Circuit Rule 47.5."

Nutanix, Inc. v. Tessell, Inc., Case No. 3:24-cv-01729 (NDCA)

6. Organizational Victims and Bankruptcy Cases. Fed. Cir. R. 47.4(a)(6): "All information required by Federal Rule of Appellate Procedure 26.1(b) and (c) that identifies organizational victims in criminal cases and debtors and trustees in bankruptcy cases."

N/A

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December 5, 2025

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STATEMENT OF RELATED CASES

No other appeal in or from the same proceedings in the U.S. Patent and Trademark Office was previously before this or any other appellate court.

The patents at issue in this appeal, U.S. Patent Nos. 10,817,157, 11,030,336, 11,640,340, and 11,860,818, are among the patents asserted in the following case that is staying pending *inter partes* review, a portion of which will be directly affected by this Court's decision in the instant appeal: *Nutanix, Inc. v. Tessell, Inc.*, Case No. 3:24-cv-01729 (NDCA).

INTRODUCTION

There is a singular issue before this Court: whether 35 U.S.C. § 314(a) grants the Director discretion to ignore statutory and Federal Circuit authority that assignor estoppel has no place in *Inter Partes* Review ("IPR") proceedings.

The America Invents Act "unambiguously dictates that assignor estoppel has no place in IPR proceedings." *Arista Networks, Inc. v. Cisco Sys., Inc.*, 980 F.3d 792, 804 (Fed. Cir. 2018) ("*Arista*"). Appellee conceded as much in moving the Director to deny institution, but urged the then-Acting Director[1] of the U.S. Patent and Trademark Office (the "Acting Director") to reach the same result by exercising discretion under § 314(a):

> 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.

See, e.g., Ex. I at 2 n.1. The merits panel correctly concluded that discretion could not be used to ignore clear Federal Circuit authority:

[1] On September 17, 2025, John Squires was confirmed as Director of the USPTO and then-Acting Director Coke Stewart Morgan became Deputy Director.

> Patent Owner asserts that "[Patent Owner] is not arguing that assignor estoppel applies based on § 311(a). [Patent Owner] is arguing that the Board should exercise its discretion under § 314 in view of the inventor's unfair dealing." Prelim. Resp. 17 n.2. ***But, that is a difference without distinction***. Patent Owner's assertion of unfair dealing is based on Petitioner being founded by two of the five named inventors of the '818 patent who had, prior to filing of the Petition, worked for Patent Owner and assigned their rights to the '818 patent to Patent Owner. See Prelim. Resp. 18. ***But for these two inventors having previously assigned their rights to the '818 patent to Patent Owner, there is no alleged unfair dealing in Petitioner's decision to file a petition against the '818 patent. Patent Owner may not apply the principle of assignor estoppel to inter partes review by calling the principle by a different name. Nor should Patent Owner be permitted to do indirectly what it may not do directly.*** As the Federal Circuit stated in Arista Networks, the plain language of 35 U.S.C. § 311(a) is "unambiguous" that "the statute allows any person 'who is not the owner of a patent' to file an IPR." 908 F.3d at 803.

Ex. D ("-00298 Institution Decision") at 22 (emphasis added). Yet the Acting Director wrongly concluded otherwise and reversed.

Despite this clear command from Congress and this Court that assignor estoppel has "no place in IPR proceedings," the Acting Director denied four IPR petitions brought by Petitioner Tessell, Inc. ("Tessell" or "Petitioner") 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." Ex. A ("-00298

Decision") at 3; *see also* Ex. B ("00322 Decision") at 2, Ex. C ("-00732/733 Decision") at 2 (collectively, "Decisions").[2]

In denying Tessell's petitions, as well as other similarly-situated petitions, the Director violated plain and unmistakable statutory language that ***any*** "person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent." 35 U.S.C. § 311(a); *see Arista*, 980 F.3d at 803 ("§ 311(a) unambiguously leaves no room for assignor estoppel in the IPR context . . . ."). While the Director normally has broad, unreviewable discretion to deny IPR petitions, both this Court and the Supreme Court has recognized that such discretion is not unbounded. Because of the plain language of Section 311(a), the Director had no authority to apply assignor estoppel. If ever there was a case of the Director engaging in "a clear abuse of discretion" warranting mandamus, it is the *ultra vires* conduct of arbitrarily barring an entire class of would-be petitioners in contravention of clear statutory and judicial authority. *Cheney v. U.S. Dist. Court for D.C.*, 542 U.S. 367, 380 (2004).

RELIEF SOUGHT

Petitioner respectfully requests that this Court issue a writ compelling the Director of the USPTO to vacate the decisions denying institution and, in IPR2025-

[2] In the other three proceedings, the Acting Director issued substantively identical decisions. Exs. B ("-00322 Decision"), C ("-00732/733 Decision").

00298, to reinstate the Board's decision granting institution, and in IPR2025-00322, IPR2025-00732, and IPR2025-0733, to issue decisions on institution consistent with the America Invents Act and this Court's holding in *Arista* that a patent's inventor or assignor is not estopped from petitioning for *inter partes* review.

STATEMENT OF ISSUES PRESENTED

1. Whether mandamus is justified because the Acting Director exceeded her statutory authority by applying assignor estoppel in contravention of clear and unambiguous statutory language and this Court's precedent?

2. Whether mandamus is justified because the Acting Director violated the APA and Tessell's constitutional rights by applying assignor estoppel?

BACKGROUND

A. The Inventors of the Challenged Patents

Tessell was founded in 2021 by Messrs. Balasubrahmanyam Kuchibhotla, Kamaldeep Khanjua, and Bakul Banthia. Tessell also employs Messrs. Sujit Menon, Maneesh Rawat, and Sagar Sontakke. These individuals are some of the inventors of the four patents challenged in the IPR proceedings—U.S. Patent Nos. 10,817,157, 11,030,336, 11,640,340, and 11,860,818 (collectively, the "Challenged Patents"). They are also former employees of Patent Owner Nutanix Inc. ("Nutanix").

While at Nutanix, these individuals worked on developing "Era," the company's database management platform built on Nutanix's hyperconverged

infrastructure. Based on this work, Nutanix's prosecution counsel filed patent applications relating to systems for databases in a hyperconverged infrastructure.

Pursuant to their employment agreements, these individuals assigned their rights to the applications to Nutanix. However, they were not directly compensated (beyond their salary or bonus structure) for this assignment. These individuals only minimally participated in the prosecution of the Challenged Patents, *i.e.* signing the assignment and oaths as required by their employment agreements.

In 2021, Messrs. Kuchibhotla, Khanjua, and Banthia left Nutanix and founded Tessell. Tessell would go on to hire Messrs. Menon, Rawat, and Sontakke later that year. The Tessell founders came to realize that a hyperconverged infrastructure had various drawbacks relating to hardware compatibility, configuration difficulties, scalability, resource utilization, and vendor-lock in, to name a few. Through hard-work and innovation, Tessell developed a fundamentally different offering that dramatically simplifies and reduces the cost of creating, managing, and modernizing databases in the cloud. Tessell's offering runs on a cloud-native service and implements a unified control plane that makes it easier to set-up, manage, secure and scale cloud databases across platforms. Tessell has received recognition for its innovations; for example, Tessell was named one of CRN's Stellar Startup Big Data Vendors of 2024. Other recognitions include CRN's 2024 Big Data 100, 2024 Tech Innovator Award, and 2023 Stellar Startups. Tessell has also been awarded patents.

B. The IPR Proceedings

In 2024, Nutanix sued Tessell in the Northern District of California for infringement of the Challenged Patents. In response, between December 13, 2024 and March 20, 2025, Tessell filed petitions requesting *inter partes* review of the Challenged Patents. On March 26, 2025, the new Acting Director issued a memorandum establishing a bifurcated process for IPR petitions wherein the Acting Director would initially determine whether discretionary denial is warranted, and if not, would refer the petition to a panel of three Administrative Patent Judges. Ex. E.[3]

1. *IPR2025-00298*

The first IPR petition, IPR2025-00298, was filed December 13, 2024 and challenged the ’818 patent. Due to its earlier filing date, the -00298 IPR petition was not subject to the new bifurcated process. In its preliminary response, Patent Owner requested that the PTAB exercise its discretion to deny Tessell’s petition for “unfair dealing” on the grounds that the inventors at Tessell “attempt[ed] to profit twice from their invention,” first in receiving compensation by assigning their rights, and then “by using it to compete with Nutanix.” Ex. G at 21. On June 2, 2025, a

[3] After Tessell’s petitions were denied, the new Director issued a memorandum stating that he would decide both discretionary denial factors and the merits of each IPR petition. Ex. F.

panel of three Administrative Patent Judges issued a decision granting institution of *inter partes* review. Ex. D. The panel denied Nutanix's "unfair dealing" argument as a mere attempt to "apply the principle of assignor estoppel to *inter partes* review by calling the principle by a different name." *Id.* at 22. In view of the plain language of Section 311(a) and *Arista*, as well as the PTAB's precedential authority *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) ("*Athena*"), the panel correctly declined to apply assignor estoppel to Tessell's Petition.

The Acting Director disagreed that she was constrained by such authority. Following Nutanix's Request for Director Review which raised the same "unfair dealing" argument (Ex. H), on August 22, 2025, the Director vacated the institution decision and denied the IPR proceeding. Ex. A (-00298 Decision). While she recognized that "[a]ssignor estoppel does not apply in *inter partes* reviews ("IPR") under 35 U.S.C. § 311(a)," she nevertheless believed she had authority to bar assignors based on her discretion under Section 314(a) to "determine that for reasons of administrative efficiency an IPR will not be instituted." *Id.* at 2 (quoting *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021). Thus, she concluded that "[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." Ex. A (-00298 Decision) at 2.

2. *IPR2025-00322, IPR2025-00732, and IPR2025-00733*

The remaining three IPR petitions were filed December 18, 2024 and March 20, 2025. These three petitions were subject to the Acting Director's bifurcated process. In all three proceedings, Nutanix requested that the Acting Director exercise her discretion to deny the petitions based on the same assignor estoppel argument dressed-up as "unfair dealing." Exs. I, J, K. On June 12, 2025 and August 14, 2025, the Acting Director denied the petitions, again recognizing that "assignor estoppel does not apply" in IPR proceedings, but nevertheless barring inventors from challenging their patents as a lack of "appropriate use of Office resources." Ex. B (-00322 Decision) at 2-3, Ex. C (-00732/-00733 Decision) at 2.

3. *Requests for Rehearing*

In all four IPR proceedings, Tessell requested rehearing of the Director's decisions, arguing that the Director's broad discretion was not so broad as to violate statutory authority and Federal Circuit precedent. Exs. L, M, N, O. On August 2, 2025 and November 5, 2025, the Director summarily denied those requests. Exs. P, Q, R.

STANDARD OF REVIEW

The Court has jurisdiction to consider a petition for writ of mandamus to challenge the Director's denial of an IPR petition. *Mylan Laboratories v. Jansen Pharmaceutica, NV*, 989 F.3d 1375, at 1379-81 (Fed. Cir. 2012) ("While there is no avenue for direct appeal of decisions denying institution, we conclude that judicial

review is available in extraordinary circumstances by petition for mandamus. … [W]e may consider any petition for a writ of mandamus in order to protect that jurisdiction."); *see also In re Motorola Solutions, Inc.*, 159 F.4th 30, 36 (Fed. Cir. 2025) ("We have noted possible exceptions for colorable constitutional claims and certain statutory challenges . . . ."") (citations removed). To be granted mandamus, "[t]he petitioner must: (1) show that it has a clear and indisputable legal right; (2) show it does not have any other adequate method of obtaining relief; and (3) convince the court that the writ is appropriate under the circumstances." *Mylan*, 899 F.3d at 1382.

While normally a Director's decision to deny institution of an IPR petition is unreviewable (*see* Section 314(d)), mandamus review may be justified if there are "constitutional issues, issues involving questions outside the scope of section 314(d), and actions by the agency beyond its statutory limits." *In re Power Integrations*, 899 F.3d 1316, 1321 (Fed. Cir. 2018); *see also SAS Institute Inc. v. Iancu*, 584 U.S. 357, 371 (2018) ("If a party believes the Patent Office has engaged in 'shenanigans' by exceeding its statutory bounds, judicial review remains available consistent with the Administrative Procedure Act, which directs courts to set aside agency action 'not in accordance with law' or 'in excess of statutory jurisdiction, authority, or limitations.'").

ARGUMENT

I. TESSELL HAS A CLEAR AND INDISPUTABLE LEGAL RIGHT TO RELIEF

Under the plain language of the AIA, as well as the APA and the Constitution, Tessell has a clear and indisputable legal right to have its IPR petitions considered without regard to whether Tessell's personnel includes assignors or inventors of the Challenged Patents. By applying assignor estoppel, which "has no place in IPR proceedings," the Acting Director exceeded her statutory bounds and violated both the APA and Tessell's due process rights. *Arista*, 908 F.3d at 804. Nor can the Director dress-up these violations as merely an exercise of discretion "to determine that for reasons of administrative efficiency an IPR will not be instituted." Ex. A (-00298 Decision) at 2 (quoting *Mylan*, 989 F.3d at 1382). "Efficiency" is not a proper justification to go beyond what Congress has allowed. *SAS*, 584 U.S. at 368 ("[T]he Director … tells us that partial institution is efficient . . . . It is Congress's job to enact policy and it is this Court's job to follow the policy Congress has prescribed.").

A. The Acting Director Exceeded Her Statutory Authority Under Section 311(A)

Tessell has a clear and indisputable legal right to relief because the Acting Director went "beyond [her] statutory limits." *In re Power Integrations*, 899 F.3d at 1321. The plain language of the AIA does not allow the Director to deny a petition for *inter partes* review merely because the person who brought it was a former assignor or inventor.

Section 311(a) of the AIA states that, "Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent." 35 U.S.C. § 311(a). The exceptions to this broad command are limited and do not apply here—plainly, the owner of the patent cannot file an IPR petition, nor can a party or its real party in interest if one year has elapsed after service of a complaint alleging infringement of the patent, or if the party filed a declaratory judgment action seeking invalidity of the patent, or if the party had received a Final Written Decision in a previously-brought post-grant challenge against the patent. 35 U.S.C. §§ 315(a), (b), (e). Everyone else has the statutory right to file an IPR petition against the Challenged Patents, including Tessell.

This plainly apparent reading of the statute is the same conclusion this Court reached in *Arista*. Section 311(a) "unambiguously leaves no room for assignor estoppel in the IPR context, given that the statute allows any person 'who is not the owner of a patent' to file an IPR." *Arista*, 908 F.3d at 803. Because this provision "delineates who may file an IPR petition," the "plain language of § 311(a) demonstrates that an assignor, who is no longer the owner of a patent, may file an IPR petition as to that patent." *Id.* The Court further held that Congress knew how to expressly incorporate equitable doctrines like assignor estoppel, and the absence of any such language in the AIA was "further evidence of congressional intent" not

to do so. *Id.* at 803-04. Indeed, it was "intentional congressional choice" to allow any party to file an IPR petition, because of Congress's "overarching goals of the IPR process that extend beyond the particular parties in a given dispute." *Id.* at 804. The Court therefore concluded that Congress had a "clear intent that assignor estoppel should not apply in the IPR context" and that the statute "unambiguously dictates that assignor estoppel has no place in IPR proceedings." *Id.*

It is also the Director's position that assignor estoppel cannot apply to IPRs. Before this Court even decided *Arista*, the Director designated as precedential the PTAB's institution decision in *Athena Automation Ltd. v. Husky Injection Molding Systems Ltd.*, IPR2013-00290, Paper 18 (P.T.A.B. Oct. 25, 2013) (precedential) ("*Athena*"). The PTAB and the Director recognized that Section 311(a) "presents a clear expression of Congress's broad grant of the ability to challenge the patentability of patents through *inter partes* review," and that "assignor estoppel, an equitable doctrine, [does not] provide[] an exception to the ***statutory mandate*** that any person who is not the owner of a patent may file a petition for an *inter partes* review." *Id.* at 13. The Director has not removed *Athena*'s precedential designation and it therefore "establishes ***binding authority*** concerning . . . important issues regarding statutes, rules, and regulations." Ex. S (PTAB Standard Operating Procedure 2 (Revision 11), published July 24, 2023) at 3. It is therefore clear that

the Director views Section 311(a)'s precepts as a statutory limit on his discretionary power.

Despite this overwhelming precedent, the Acting Director denied Tessell's IPR petitions because Tessell was founded by and had hired some of the inventors of the Challenged Patents. Exs. A, B, C. By doing so, she exceeded her statutory authority and violated Congress's clear, statutory intent that Tessell be allowed to file IPR petitions against the Challenged Patents.

The Acting Director claimed that she "has broad authority to determine whether to institute an IPR" under Section 314(a), including to "determine that for reasons of administrative efficiency an IPR will not be instituted." Ex. A (-00298 Decision) at 2 (quoting *Mylan*, 989 F.3d at 1382). But while the Director's unreviewable exercise of discretion is broad, it is not unlimited. It cannot extend to repudiating "Congress's clear intent that assignor estoppel should not apply in the IPR context." *Arista*, 908 F.3d at 804. As this Court has already held, Section 311(a)'s bar on assignor estoppel "is not closely related to . . . the exercise of discretion not to institute" under Section 314(a)—in other words, who can file an IPR petition is not left to the Director's discretion. *Id.* at 801. Thus, whether the Director has complied with Section 311(a) is a reviewable decision, rather than a discretionary one under Section 314(a). *Arista*, 989 F.3d at 800-01 (citing *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1373 (Fed. Cir. 2018)).

By denying Tessell's IPR petitions, the Acting Director failed to comply with Section 311(a)'s unambiguous language. Both this Court and the Supreme Court make clear that the Director's discretion does not extend to clear violations of statutory authority, especially where as here the statute merely requires a ministerial act. Thus in *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, the Supreme Court recognized the Director's broad, unreviewable discretion under Section 314(a) but warned that "our interpretation [does not] enable the agency to act outside its statutory limits" and that "such 'shenanigans' may be properly reviewable." *Cuozzo*, 579 U.S. at 275. Similarly, in *SAS*, which placed limits on the Director's discretion to deny by barring partial denials, the Supreme Court re-emphasized that "Section 314(d) does not enable the agency to act outside its statutory limits" and that courts have a responsibility "to ensure that an inter partes review proceeds in accordance with the law's demands." *SAS*, 584 U.S. at 371.

This Court has made similar holdings, including within the context of mandamus petitions. Although the Court has not yet found cause to grant a petition for writ of mandamus on a Director's decision on institution, the Court has warned that the Director's discretion cannot exceed his statutory authority. *See, e.g.*, *In re Power Integrations*, 899 F.3d at 1321 ("[C]onstitutional issues, issues involving questions outside the scope of section 314(d), and actions by the agency beyond its statutory limits[] would be potential candidates for mandamus review as well.");

Mylan, 989 F.3d at 1381 ("[M]andamus may be available to challenge the PTO's decision to grant a petition to institute IPR after the Board's final decision in situations where the PTO has clearly and indisputably exceeded its authority.") (quoting *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1274 (Fed. Cir. 2015)).

Outside of the context of the PTAB, the Supreme Court has likewise found that *ultra vires* acts by an administrative agency can be cured via mandamus. Thus, in *Work v. United States ex rel. Rives*, 267 U.S. 175 (1925), Chief Justice Taft made clear that while mandamus cannot control an officer on duties "of which by law he is given discretion," the officer "can not transgress those limits [on his discretion], and if he does so, he may be controlled by injunction or mandamus to keep within them." 267 U.S. at 177. Similarly, in *Wilbur v. United States ex rel. Kadrie*, 281 U.S. 206 (1930), the Court held that "the discharge of a ministerial duty [is] controllable by mandamus" whereas "a duty requiring the exercise of judgment or discretion" is not. 281 U.S. at 221. Here, allowing Tessell's IPR petitions to proceed for consideration is a mere ministerial duty, not an exercise of judgment or discretion—for there is no dispute that Tessell is "not the owner of a patent" or subject to any other bar. 35 U.S.C. § 311(a).

It cannot be the case that Congress intended the Director's discretionary powers to include discretion to ignore unambiguous statutory commands. Under the Acting Director's stated reasoning, the Director's unreviewable discretion would

subsume the rest of the statute—for example, the Director could deny ***all*** IPR petitions as a matter of "administrative efficiency," since taking non-refundable filing fees while denying petitions as a matter of course is certainly an efficient use of resources. *Mylan*, 989 F.3d at 1382. Or the Director could, in violation of Section 314(b)'s requirement that institution decisions be issued within three months of the due date of a preliminary response, decide to wait years to issue institution decisions on IPR petitions in order to delay and preserve the expenditure of Board resources. Or, despite Section 311(b) allowing IPR petitions to present "grounds that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications," the Director could deny as a matter of administrative efficiency any IPR petition that relied on an obviousness ground under Section 103 or used references that are not United States patents—perhaps as a misguided attempt to ensure challenges are as strong as they can be. Like assignor estoppel, these would all be in clear violation of the statute and cannot be subject to the Director's discretion.

This is therefore the very rare case where mandamus is warranted. The Acting Director exceeded her statutory authority by applying assignor estoppel to Tessell.[4]

[4] Nor can the Director argue that Tessell was, in fact, allowed to "file with the Office" (35 U.S.C. § 311(a)) its IPR petitions when the petitions were filed on the PTAB's Patent Trial and Appeal Case Tracking System ("P-TACTS"). P-TACTS allows *any* party represented by a USPTO practitioner to file an IPR petition, including those who may otherwise be barred by statute. The PTAB instead enforces its

Both the plain language of Section 311(a) and this Court's precedent in *Arista* forbid such conduct. To be clear, Tessell does not claim that it has a right for its IPR petitions to be instituted, but instead that its IPR petitions should proceed in the regular course without consideration of Tessell's status as a former assignor or inventor—this is a ministerial act that is not within the Director's discretion to violate. As a result, Tessell has a clear and unmistakable right to relief.

B. The Acting Director Violated the APA

Tessell also has a clear and indisputable right to relief because the Acting Director violated the APA in at least two ways.

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jurisdictional limits via denial of institution or termination of the proceeding, including the jurisdictional limit Section 311(a) or the similar provision for covered-business method challenges in Section 321(a). *See, e.g.*, *Skyhawke Technologies, LLC v. L&H Concepts, LLC*, IPR2014-01485, Paper 13 at 3-5 (P.T.A.B. Mar. 20, 2015) (denying institution of same-party joinder petition under Section 311(a)); *Mission Integrated Technologies, LLC v. Clemente*, IPR2023-01285, Paper 16 at 3-8 (P.T.A.B. Feb. 23, 2024) (declining to deny institution under Section 311(a) because Petitioner's "claim of ownership is merely contingent on future events that may never occur"); *Acxiom Corp. v. Phoenix Licensing, LLC*, CBM2015-00068, Paper 26 at 3-7 (P.T.A.B. Oct. 29, 2015) (denying institution of CBM because Petitioner lacked standing under Section 321(a)); *GoPro, Inc. v. 360Heros, Inc.*, IPR2018-01754, Paper 38 at 6-16 (P.T.A.B. Aug. 23, 2019) (precedential) (denying institution because Petitioner was time-barred under Section 315(b)); *Apotex Inc. v. Wyeth LLC*, IPR2015-00873, Paper 8 at 5-8 (P.T.A.B. Sep. 16, 2015) (denying institution of grounds that were estopped under Section 315(e)(1)). Thus, by denying Tessell's IPR petitions under assignor estoppel, the Acting Director exceeded her discretionary powers by placing unlawful limits on who may file an IPR petition.

1. *The Acting Director Exceeded Her Statutory Authority*

The APA requires that a reviewing court "hold unlawful and set aside agency action, findings, and conclusions found to be … in excess of statutory jurisdiction, authority, or limitations" or "without observance of procedure required by law." 5 U.S.C. § 706(2). Although there is a presumption that the APA does not allow review of actions "committed to agency discretion," "in establishing this presumption in the APA, Congress did not set agencies free to disregard legislative direction in the statutory scheme that the agency administers." *Heckler v. Chaney*, 470 U.S. 821, 832-33 (1985). Thus, "Congress may limit an agency's exercise of enforcement power if it wishes, either by setting substantive priorities, or by ***otherwise circumscribing an agency's power to discriminate among issues or cases it will pursue***." *Id.* As discussed above, Congress clearly and unambiguously forbade the Director from applying assignor estoppel to discriminate against cases brought by petitioners who hired former inventors—and doing so is outside the Director's broad discretion. By violating this "statutory mandate" (*Athena*, IPR2013-00290, Paper 18 at 13), the "Patent Office has engaged in 'shenanigans' by exceeding its statutory bounds" and so "judicial review remains available consistent with the Administrative Procedure Act . . . ." *SAS*, 587 U.S. at 371.

2. *The Acting Director Violated the Change-In-Position Doctrine*

The Acting Director violated the APA under the "change-in-position doctrine," where it is arbitrary and capricious for an agency to tell parties "that it would do one thing and then turn[] around and d[o] something different when it reviewed the[party's] applications." *FDA v. Wages & White Lion Investments, LLC*, 145 S. Ct. 898, 917 (2025) ("*FDA*"). This doctrine asks two questions: first, "whether an agency changed existing policy," and second, "whether the agency display[ed] awareness that it *is* changing position and offer[ed] good reasons for the new policy." *Id.* at 918 (quotations removed) (emphasis in original).

It was (and still is) the Director's position that the *Athena* decision is precedential and therefore "binding authority" on the PTAB. As discussed above, *Athena* concurs that Section 311(a) is a "statutory mandate" to which assignor estoppel cannot be an exception. *Athena*, IPR2013-00290, Paper 18 at 13. Without any forewarning or notice, and with little explanation much less recognition of the "binding" nature of *Athena*, the Acting Director completely reversed course, finding in the June 12, 2025 decision that "[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." Ex. B (-00322 Decision). Since that decision, the Director has gone on to deny at least one other petition under assignor estoppel. Ex. T.

With respect to the question as to whether the Acting Director's Decisions constitute a change in policy, it quite clearly does. We have, on the one hand, a precedential decision from 2013 declining to apply assignor estoppel because it exceeds the Director's statutory authority. And on the other hand, we have the Acting Director applying assignor estoppel in denying Tessell's IPR petitions. The Acting Director has therefore "act[ed] inconsistently with an earlier position." *FDA*, 145 S. Ct. at 918 (quoting *Motor Vehicle Mfrs. Assn. of United States, Inc. v. State Farm Mut. Automobile Ins. Co.*, 463 U.S. 29, 41 (1983)); *see also Encino Motorcars, LLC v. Navarro*, 579 U.S. 211, 218 (2016) ("The Department gave little explanation for its decision to abandon its decades-old practice . . . .").

As for the second question, it is clear that the Acting Director was aware it was changing policy and yet still provided little explanation to justify it. The Acting Director's Decisions recognize that "assignor estoppel does not apply in *inter partes* reviews under 35 U.S.C. § 311(a)," but nevertheless applied it under its claimed discretionary authority to consider "unfair dealings." Ex. A (-00298 Decision) at 2 (citing *Arista*).

The Acting Director did not provide good reasons for this change in policy, leaving its justification to a single sentence. *Id.* This does not come close to meeting the requirements under the APA. *Encino Motorcars*, 579 U.S. at 221 ("The agency must examine the relevant data and articulate a satisfactory explanation for its action

including a rational connection between the facts found and the choice made. . . . But where the agency has failed to provide even that minimal level of analysis, its action is arbitrary and capricious and so cannot carry the force of law.") (quotation marks removed). For example, in *Encino Motorcars*, the Supreme Court found that the Department had "offered barely any explanation." *Encino Motorcars*, 579 U.S. at 222. Yet what the Department provided exceeds the single-sentence, conclusory justification in the Director's Decisions—the Department at least stated it had "carefully considered all of the comments, analyses, and arguments made for and against the proposed changes," that "the statute does not include [the previous] positions and the Department recognizes that there are circumstances under which the requirements for the exemption would not be met," and that it "believes that this [new] interpretation is reasonable." *Id.*, 579 U.S. at 223-24. The Supreme Court found that the agency "gave almost no reasons at all" for the change in policy and that "conclusory statements do not suffice to explain its decision." *Id.*

Similarly, in *Motor Vehicle Mfrs.*, the Supreme Court found that the NHTSA's rescission of rules requiring passive seatbelts on motor vehicles to be arbitrary and capricious because "the agency's explanation for rescission of the passive restraint requirement is *not* sufficient to enable us to conclude that the rescission was the product of reasoned decisionmaking." *Motor Vehicle Mfrs.*, 463 U.S. at 52 (emphasis in original). There, the agency analyzed the empirical data and

drew the conclusion that mandatory passive seatbelts did not substantially increase seatbelt usage—but the Court nevertheless held the explanation was insufficient because it failed to "take [into] account of the critical difference between detachable automatic belts and current manual belts" and "failed to articulate a basis for not requiring nondetachable belts." *Id.* at 54-55.

The Acting Director's explanation does not even reach the level of these two examples. The Director simply stated that "[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." Ex. B (-00322 Decision) at 2. The Director does not explain ***why*** it would be an inappropriate use of resources. Nor does the Director grapple with the plain and unambiguous language of the statute, despite acknowledging that it does not allow for assignor estoppel. The Director's explanation is magnitudes more cursory and conclusory than the (still) precedential *Athena* decision, where the PTAB explained that the AIA "presents a clear expression of Congress's broad grant of the ability to challenge the patentability of patents through *inter partes* review" and that Congress knew how to allow equitable defenses but intentionally did not do so for IPR petitions. *Athena*, IPR2013-00290, Paper 18 at 12-13. As with the Patent Owner in *Athena* who sought application of assignor estoppel, the Acting Director simply failed to "address[] the language of § 311(a)." *Id.*

C. The Acting Director Violated Tessell's Due Process Rights

Even if the Court were to consider the application of assignor estoppel to be within the Director's discretion, the Acting Director's application of assignor estoppel in violation of its own "binding" precedential decision was a violation of Tessell's constitutional due process right. The Supreme Court has held that "a State creates a protected liberty interest by placing substantive limitations on official discretion." *Ky. Dep't of Corrections v. Thompson*, 490 U.S. 454, 462 (1989) (quoting *Olim v. Wakinekona*, 461 U.S. 238, 249 (1983). One common way for the government to limit discretion is by "creating 'substantive predicates' to guide discretion," such as, in the case of *Thompson*, regulations "grant[ing] inmates a protected interest in parole, in good-time credits, in freedom from involuntary transfer to a mental hospital, and in freedom from more restrictive forms of confinement within the prison." *Id.* at 461-62 (citations omitted).

Here, even if denial under assignor estoppel could be said to be within the Director's discretion, the Director's designation of *Athena* as a precedential decision was a "substantive predicate" that placed limits on his own discretion. As the USPTO has explained, "[a] precedential decision establishes binding authority concerning major policy or procedural issues, or other issues of exceptional importance, including constitutional questions, important issues regarding statutes, rules, and regulations, important issues regarding case law, or issues of broad

applicability to the Board." Ex. S at 3. The purpose of designating precedential decisions is to "promote certainty and consistency among Board decisions." *Id.* at 4. USPTO has set out procedures for designating decisions as precedential, which include the "PTAB Executive Management" submitting recommendations to the Director, and the Director "consulting with others, including, for example, members of the Office of the General Counsel" in acting on that recommendation. *Id.* at 4. Only the Director can designate and de-designate a decision as precedential—and notably, *Athena* has not been de-designated.

Thus, by designating *Athena* as precedential and binding on all of the PTAB, the Director "plac[ed] substantive limitations on official discretion" to apply assignor estoppel to IPR petitions. *Thompson*, 490 U.S. at 462. A designation of a decision as precedential makes it binding and therefore includes "explicitly mandatory language, *i.e.*, specific directives to the decisionmaker that if the regulations' substantive predicates are present, a particular outcome must follow," thereby "creat[ing] a liberty interest." *Id.* at 463. Tessell therefore had a protected interest in having its IPR petitions heard without fear of assignor estoppel—an interest Tessell relied on when it paid its counsel to prepare four IPR petitions, and paid non-refundable filing fees for each petition.

Tessell's protected interest was violated when the Acting Director dismissed Tessell's IPR petitions in contravention of the binding, precedential *Athena* decision.

As a result, Tesell has a clear and indisputable legal right to relief and mandamus is warranted.

II. TESSELL HAS NO OTHER METHOD OF OBTAINING RELIEF

Tessell has no other avenue for obtaining relief. In the IPR proceedings below, Tessell requested review of the Acting Director's Decisions, arguing that it was improper for her to apply assignor estoppel to deny the petitions. Exs. M, N, O, P. Those requests were summarily denied, thereby exhausting all administrative remedies. Exs. P, Q, R. And because denials of institution are "final and nonappealable," Tessell can only obtain relief through mandamus. *See In re Palo Alto Networks, Inc.*, 44 F.4th 1369, 1374 (Fed. Cir. 2022) ("Given that there is no adequate remedy by way of direct appeal of decisions denying institution, we have concluded that judicial review is available in extraordinary circumstances by petition for mandamus in this court under 28 U.S.C. §§ 1295(a)(4), 1651.").

Filing an APA challenge in district court would also not provide Tessell with the relief it seeks—consideration of its IPR petitions. While the district court could enjoin the Director from applying assignor estoppel in its denial decisions, it is not clear that the district court could provide specific relief with respect to the dismissed IPR petitions. *Apple Inc. v. Vidal*, 63 F.4th 1, 13-14 (Fed. Cir. 2023) (upholding dismissal of APA challenge against Director's decision to deny petition under *Fintiv*

but reversing dismissal of APA challenge against Director's decision to designate *Fintiv* as precedential).

Nor can Nutanix argue that Tessell can challenge the patent in the parallel litigation. Given Nutanix's position that Tessell is barred by assignor estoppel, it is likely that Nutanix will raise the same defense in the district court. While Tessell disputes that assignor estoppel applies, there is still a distinct possibility that the PTAB is the only forum that will consider Tessell's patentability challenges.

III. MANDAMUS IS APPROPRIATE UNDER THE CIRCUMSTANCES

Mandamus is appropriate under these circumstances where the Acting Director acted beyond her statutory authority and no other relief is availing. This is precisely the rare situation where mandamus is needed to protect Congress's power to legislate and Tessell's reliance interests. *SAS*, 584 U.S. at 371 ("If a party believes the Patent Office has engaged in "`shenanigans'" by exceeding its statutory bounds, judicial review remains available . . . ."); *Cuozzo*, 579 U.S. at 275 ("[W]e do not categorically preclude review of a final decision where a petition fails to give "sufficient notice" such that there is a due process problem with the entire proceeding, nor does our interpretation enable the agency to act outside its statutory limits . . . .").

IV. THE COURT SHOULD ORDER THE DIRECTOR TO INSTITUTE IPR2025-00298 AND CONSIDER THE MERITS OF THE REMAINING PETITIONS

Because mandamus is proper, the Court should compel the Director to vacate the four decisions denying institution and remand for further proceedings.

In IPR2025-00322, -00732, and -00733, the Director considered "all of the evidence and arguments presented," but highlighted two discretionary factors: (1) the stay in the parallel District court proceeding, which "weighs against discretionary denial," and (2) the assignor estoppel, which "tip[s] the balance to exercising discretion to deny institution." Exs. B, C. Accordingly, given that assignor estoppel "tip[ped] the balance" toward denial, its removal as a consideration would tip the balance against discretionary denial. There is therefore no reason to remand to the Director for further consideration of discretionary denial, and instead the Court should remand for consideration of the merits of the petitions.

IPR2025-00298 is situated somewhat differently. There, the PTAB had found that institution was warranted until the decision was vacated by the Acting Director upon Nutanix's request for Director Review. Ex. D (-00298 Institution Decision). In addition to assignor estoppel, Nutanix had also challenged the PTAB's decision on other discretionary factors—specifically, settled expectations and Section 325(d). But the Director only vacated the PTAB panel's decision because of assignor

estoppel.[5] Because that decision is legally infirm, the Court should order the Director to reinstate the panel's institution decision and allow the *inter partes* review to proceed in the normal course.

CONCLUSION

For these reasons, the Court should compel the Director to vacate the Acting Director's Decisions and remand for further proceedings.

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Respectfully submitted,

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[5] Indeed, given that the -00298 petition was filed the same year that the '818 patent was issued, and that the parallel litigation is stayed, the Director has consistently found that such factors overwhelmingly weigh against discretionary denial. Ex. U (collecting decisions where the Deputy Director declined to exercise her discretion to deny when parallel litigation was stayed and patents were issued after 2000).

CERTIFICATE OF COMPLIANCE

I hereby certify that this corrected brief complies with the type-volume limitation of Fed. Cir. R. 28.1(b)(2)(A). The brief contains 6,635 words according to the word count of the word-processing system used to prepare the brief, excluding the parts of the brief exempted by Fed. R. App. P. 32(f) and Fed. Cir. R. 32(b).

This brief complies with the typeface requirements of Fed. R. App. P.32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6). The brief has been prepared in a proportionally-spaced typeface, 14 point Times New Roman, using Microsoft Word 360.

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