

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

XENCOR, INC.,
Petitioner,

v.

MERUS N.V.,
Patent Owner.

IPR2025-00604 (Patent 9,358,286 B2)
IPR2025-00605 (Patent 11,926,859 B2)

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

DECISION
Referring the Petitions to the Board

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Merus N.V. (“Patent Owner”) filed a request for discretionary denial (Paper 6, “DD Req.”) in the above-captioned cases, and Xencor, Inc. (“Petitioner”) filed an opposition (Paper 8, “DD Opp.”). With authorization, Patent Owner filed a Reply (Paper 10) and Petitioner filed a Sur-reply (Paper 11).¹

After considering the parties’ arguments and the record, and in view of all relevant considerations, discretionary denial of institution is not appropriate in these proceedings. This determination is based on the totality of the evidence and arguments the parties have presented.

In particular, the related district court proceeding has not scheduled a trial date or issued a schedule, and a motion to dismiss has been pending since October 10, 2024. DD Opp. 3–4, 19 (citing Ex. 1054). As such, it is likely that a final written decision in these proceedings will issue before the district court trial occurs.

In addition, with respect to IPR2025-00605, the challenged patent issued on March 12, 2024 and the Petition was filed on February 11, 2025. IPR2025-00605, Paper 1 at 81; Ex. 1001. Accordingly, Petitioner challenges the patent early in the life of the patent. Early challenges favor robust, predictable patent rights and weigh against discretionary denial.

With respect to IPR2025-00604, the challenged patent has been in force for approximately nine years (issued in 2016), creating strong settled expectations for Patent Owner. However, Petitioner provides persuasive reasoning, supported by evidence, that discretionary denial under 35 U.S.C. § 325(d) is not appropriate because the Office materially erred during

¹ Citations are to papers in IPR2025-00604. The parties filed similar papers in IPR2025-00605.

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prosecution of the challenged patent. In determining whether to discretionarily deny a petition under § 325(d), Office policy requires a determination of “(1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and (2) if either condition of first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.” *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 8 (PTAB Feb. 13, 2020) (precedential) (“*Advanced Bionics*”).

During prosecution, the patent examiner indicated that the claims were being allowed because “the prior art does not teach or suggest replacing a neutral amino acid (considered to be any amino acid other than R, K, H, E, or D) with a positively charged amino acid in the CH₃ domain.” Ex. 1008, 274. Petitioner presents evidence, however, that Lazar,² a reference cited in an IDS during prosecution, teaches replacing neutral amino acids with positively and negatively charged amino acids in the CH₃ domain. DD Opp. 15 (citing Ex. 1008, 274; Pet. 26, 62, 75–76).³ Accordingly, Petitioner provides persuasive evidence that the Office erred in a manner material to the patentability of the challenged claims by overlooking the teachings of Lazar. *Id.*; see Pet. 26, 62, 75–76.

² U.S. Patent Application Pub. 2011/0054151 A1 (Ex. 1004).

³ Petitioner also provides evidence that Cabrera (WO 2012/058768 A1 (Ex. 1005)) also teaches this limitation. DD Opp. 15.

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Although certain arguments are highlighted above, the determination not to exercise discretion to deny institution is based on a holistic assessment of all of the evidence and arguments presented. Accordingly, the Petitions are referred to the Board to handle the cases in the normal course, including by issuing a decision on institution addressing the merits and other non-discretionary considerations, as appropriate.

In consideration of the foregoing, it is:

ORDERED that Patent Owner's request for discretionary denial is *denied*;

FURTHER ORDERED that the Petitions are referred to the Board;
and

FURTHER ORDERED that neither party shall file a request for rehearing or Director Review of this decision until the Board issues a decision on institution.

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