

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

XENCOR, INC.,  
Petitioner

v.

MERUS N.V.,  
Patent Owner

---

Case IPR2025-00605  
Patent No. 11,926,859

---

**PETITIONER'S SUR-REPLY IN OPPOSITION TO  
PATENT OWNER'S DISCRETIONARY DENIAL BRIEF**

The Director should reject Merus’s settled expectations argument for the recently issued ’859 patent. Xencor’s Petition should be instituted because it is an early challenge that was filed less than a year after the March 2024 issuance of the ’859 patent. (DDB Opp.,<sup>1</sup> 22 (citing *ResMed Corp. v. Cleveland Medical Devices, Inc.*, IPR2025-00246, Paper 10, 2 (June 12, 2025)).) Furthermore, settled expectations actually favor Xencor, who first disclosed an L368D and S364K heterodimer, not Merus, who merely filed “shockingly similar” claims that lacked written description support from Merus’s prior applications.

Merus has no response to *ResMed* and no argument of settled expectations in the ’859 patent *claims*. Instead, Merus points to “the ’859 Patent family” or “the ’859 Patent specification.” (See DDB Reply,<sup>2</sup> 1-3.) But Merus departed from the written description of the “family” and the disclosures of those prior applications for the reasons Xencor explained in its Petition. (Pet., 23-37.) Thus, even if Merus could claim “settled expectations” in any earlier patents or applications (it cannot for the reasons described in the parallel briefing for the ’286 patent—IPR2025-00604), those would not transfer to the ’859 patent. There was no earlier opportunity to challenge this claimed subject matter in previous Merus applications

---

<sup>1</sup> Petitioner’s Opposition to Patent Owner’s Discretionary Denial Brief, Paper 8.

<sup>2</sup> Patent Owner’s Reply in Support of Discretionary Denial, Paper 10.

because it was newly added by Merus for the '859 patent.

For its “family” theory, Merus misportrays *iRhythm* as establishing a bright-line rule that a petitioner’s awareness of any ancestor applications creates settled expectations for an “entire family” of patents. (DDB Reply, 2.) Yet contrary to Merus’s parenthetical quotation splicing, the Director’s *iRhythm* rationale was more nuanced, based on failure to seek early review of the patents at issue in those IPR petitions, and did not create a broad rule directed to patents “in a family.” (DDB Reply, 2); see *iRhythm Technologies, Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10, 3 (June 6, 2025). Merus’s position, if accepted, would improperly expand *iRhythm* to immunize patents from IPR challenges even before they are born. That cannot be right.

None of the petitions being evaluated in *iRhythm* qualified as an “early challenge,” due to the fact that the youngest challenged patent issued in 2018, more than six years before the *iRhythm* decision. The same is true of Merus’s other cases—*Intel Corp. v. Proxense LLC*, IPR2025-00327, Paper 12 (June 26, 2025) (involving patents issued in 2012, 2013, and 2016) and *Dabico Airport Solutions Inc., v. AXA Power ApS*, IPR2025-00408, Paper 21 (June 18, 2025) (involving a patent issued in 2017). Here, by contrast, the '859 patent issued just last year. This is an early challenge.

Additionally, settled expectations favor Xencor, not Merus. Merus glosses

over its previous argument that the claims are “shockingly similar” to those in the ’859 patent and contorts Xencor’s argument into one that “Merus should have challenged Xencor’s [*Desjarlais*] Patent.” (DDB Reply, 3.) Although Merus certainly is under no obligation to challenge Xencor’s patent claims, the fact that Merus chose not to challenge those claims and instead filed “shockingly similar” claims years later undermines Merus’s argument for settled expectations and shows why settled expectations actually favor Xencor.<sup>3</sup>

The Director should reject Merus’s settled expectations argument for the ’859 patent and refer Xencor’s Petition to a Board panel.

---

<sup>3</sup> Even if the Director were to find that settled expectations favored Merus (and they do not), this proceeding includes a number of unique and compelling facts that outweigh any settled expectations. Among other things, the Examiner materially erred (DDB Opp., 25-28), the district court case is in its infancy with no case schedule let alone trial date and a *Sotera* stipulation prevents overlap between the IPRs and district court (*id.*, 28-36), and the public health benefits from a review of the merits of Xencor’s Petitions given the technology and circumstances (*id.*, 24-25).

Respectfully submitted,

Dated: July 11, 2025

By: /Naveen Modi/  
Naveen Modi (Registration No. 46,224)  
Counsel for Petitioner

## CERTIFICATE OF SERVICE

I hereby certify that on July 11, 2025, I caused a true and correct copy of the foregoing Petitioner's Sur-reply in Opposition to Patent Owner's Discretionary Denial Brief to be served via email on Patent Owner at the following addresses:

Peter J. Armenio (Reg. No. 41,588)  
E-mail: parmenio@cahill.com

Colleen Tracy James (Reg. No. 52,295)  
E-mail: ctracyjames@cahill.com

Respectfully submitted,

Dated: July 11, 2025

By: /Naveen Modi/  
Naveen Modi (Registration No. 46,224)

Counsel for Petitioner