

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

XENCOR, INC.,

Petitioner

v.

MERUS N.V.,

Patent Owner

IPR2025-00605
Patent No. 9,358,859

**PATENT OWNER MERUS'S REPLY IN SUPPORT OF REQUEST FOR
DISCRETIONARY DENIAL OF INSTITUTION¹**

¹ Authorized on July 7, 2025. EX3101.

TABLE OF AUTHORITIES

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Cases	
<i>Dabico Airport Solutions Inc., v. AXA Power ApS</i> , IPR2025-00408, Paper 21 (P.T.A.B. June 18, 2025)	3
<i>Intel Corp. v. Proxense LLC</i> , IPR2025-00327, Paper 12 (P.T.A.B. June 26, 2025)	2, 3
<i>iRhythm Technologies, Inc. v. Welch Allyn, Inc.</i> , IPR2025-00363, Paper 10 (P.T.A.B. June 6, 2025)	<i>passim</i>

TABLE OF ABBREVIATIONS

Abbreviation	Definition
Merus	Patent Owner Merus N.V.
Xencor	Petitioner Xencor, Inc.
IPR	<i>Inter partes</i> review
Board	Patent Trial And Appeal Board
IDS	Information disclosure statement
SEC	Securities And Exchange Commission
DD Req.	Discretionary denial request
'859 Patent	Merus's Patent No. 9,358,859
'286 Patent	Merus's Patent No. 9,358,286
'181 Patent	Merus's Patent No. 9,248,181
'427 Patent	Xencor's Patent No. 10,472,427

TABLE OF EXHIBITS

Number	Description
EX2008	Xencor Form 10-K for the fiscal year ended December 31, 2017
EX2014	Xencor's IDS dated September 18, 2014
EX3101	Email authorization from the Board granting Merus permission to file a reply in support of its request for discretionary denial

The Acting Director's discretionary denial Orders since Merus filed its opening brief confirm that institution should be discretionarily denied based on the settled expectations that the '859 Patent would not be challenged. Xencor had notice of the '859 Patent family for over 10 years, but waited until now to file its IPRs against the '859 Patent and its family member, the '286 Patent (at issue in IPR2025-00604). Xencor has been aware of the '859 Patent's grandparent applications since at least 2014 (disclosed in Xencor's IDS) and the '286 Patent itself since at least 2017 (disclosed in Xencor's SEC filings). This awareness created a settled expectation as to the entire patent family, including the '859 Patent.

Xencor's public filings confirm that Xencor was aware of the '859 Patent family since at least 2014. In a September 18, 2014 IDS filed in pursuit of its own patent, Xencor cited U.S. Patent Pub. No. 2013/0336981, which later issued as the '181 Patent—the parent to the '286 Patent and great (times 3) grandparent to the '859 Patent. *See* EX2014 at 4. Then, in its first Annual Report after the '286 Patent's issuance in March 2017, Xencor filed a Form 10-K stating that Xencor was aware of a “recently issued” Merus patent that would expire in 2033, *i.e.*, the '286 Patent. EX2008 at 46. Xencor cannot dispute that it has known about the '859 Patent family and the '859 Patent specification since at least 2014 and about Merus's claims to neutral to charge mutations in the CH3 domains since at least 2017. Yet, Xencor

never challenged any member of the '859 Patent family, even when Xencor itself filed claims to specific neutral to charged modifications in the CH3 domains with a later priority date.

Xencor knew about the '859 Patent and, like any sophisticated competitor, was tracking Merus's IP estate. Xencor's notice of the '859 Patent and the entire patent family creates a settled expectation between the parties. For example, in *iRhythm*, the Acting Director discretionarily denied institution, where, as here, the petitioner's awareness of a great-grandparent patent application creates a settled expectation between the parties as to the entire family. *See* Patent Owner's DD Req., *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 7, at 31 ("The decades-long delay of addressing the validity of this *patent family* further favors exercising discretion and denying this Petition"), granted in Paper 10 (P.T.A.B. June 6, 2025)(denying institution "because *one of the patents*" in a family "has been in force since as early as 2012 and Petitioner was aware of it as early as 2013")(emphasis added).

Xencor did not provide any persuasive reason why it waited so long to challenge any member of the '859 Patent family. *See Intel Corp. v. Proxense LLC*, IPR2025-00327, Paper 12, at 2–3 (P.T.A.B. June 26, 2025) (finding that in the absence of any persuasive reasoning for waiting to challenge a patent, "the Office is

disinclined to disturb the settled expectations of Patent Owner.”). Xencor did not point to any significant change in law during the lifetime of the ’859 Patent family that impacts the patentability of the challenged claims. *See id.* at 2–3. Nor did Xencor claim that Merus failed to assert members of the ’859 Patent family in their relevant space. *See id.* Merus created novel bispecific antibodies covered by members of the ’859 Patent family and also licensed members of the ’859 Patent family. Xencor, however, chose to infringe with competing products and technology instead of taking a license to or timely challenging any member of the ’859 Patent family, which warrants discretionary denial.

Lastly, Xencor argues that Merus should have challenged Xencor’s ’427 Patent (which issued on November 12, 2019). This entirely misses the point. Merus’s conduct in not challenging a Xencor patent does not change the parties’ settled expectations as to Merus’s own patents. *See iRhythm*, IPR2025-00363, Paper 10, at 3; *Intel*, IPR2025-00327, Paper 12, at 2–3; *Dabico Airport Sols Inc., v. AXA Power ApS*, IPR2025-00408, Paper 21, at 2–3 (P.T.A.B. June 18, 2025). Xencor is the infringer who was on notice of Merus’s ’859 Patent and its family. Institution should be denied.

IPR2025-00605
Patent No. 11,926,859
Reply In Support Of Discretionary Denial

Dated: July 9, 2025



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CERTIFICATE OF COMPLIANCE

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that the foregoing **REPLY IN SUPPORT OF MERUS' REQUEST FOR DISCRETIONARY DENIAL OF INSTITUTION** of IPR2025-00605 contains, as measured by the word-processing system used to prepare this paper, 691 words. This word count does not include the items excluded by 37 C.F.R. § 42.24 as not counting towards the word limit.

Dated: July 9, 2025

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that I caused to be served a true and correct copy of the foregoing: **REPLY IN SUPPORT OF MERUS' REQUEST FOR DISCRETIONARY DENIAL OF INSTITUTION** were served by filing this document through the Patent Trial and Appeal Case Tracking System (P-TACTS) as well as via electronic mail on July 9, 2025, in its entirety on the following:

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