

HENNY PENNY CORP. v. FRYMASTER LLC, Appeal No. 2018-1596 (Fed. Cir. September 12, 2019) (Lourie, Chen, and Stoll) Appealed from the PTAB.

Background:

Henny Penny (HPC) filed a petition for inter partes review (IPR) of Frymaster's patent for a deep fryer with a sensor that measures the amount of total polar materials (TPMs) in the oil, which is directly related to the oil quality. HPC argued in the petition that Frymaster's claimed deep fryer would have been obvious over the combination of Kauffman's deep fryer system and Iwaguchi's TPM detector. The Board instituted the IPR and Frymaster filed a patent owner response that included an expert declaration. In light of the expert's comments during a deposition, HPC filed a reply to the patent owner response that presented a new theory of obviousness over Kauffman alone. The Board disregarded HPC's new arguments made in the reply and held that Frymaster's claimed deep fryer system would not have been obvious to a person having ordinary skill in the art over the combination of Kauffman and Iwaguchi.

Issues/Holdings:

Did the Board abuse its discretion in disregarding HPC's new theory of obviousness raised in the reply to the patent owner response? No, affirmed.

Did the Board err in concluding that Frymaster's claimed deep fryer system would not have been obvious? No, affirmed.

Discussion:

First, the Federal Circuit affirmed the Board's decision to disregard HPC's new theory of obviousness raised in the reply. The Federal Circuit reviewed the Board's decision for an abuse of discretion. An abuse of discretion occurs when a decision (i) is clearly unreasonable, arbitrary, or fanciful, (ii) is based on an erroneous conclusion of law, (iii) rests on clearly erroneous fact finding, or (iv) is based on a record that contains no evidence on which the Board could rationally base its decision. The Federal Circuit reasoned that because of the expedited nature of IPR proceedings, the initial petition must identify the evidence that supports the grounds for the challenge to each claim and an IPR petitioner may not raise an entirely new rationale for obviousness in a reply.

Second, the Federal Circuit affirmed the Board's holding that Frymaster's claimed deep fryer system would not have been obvious in light of a lack of motivation to combine. Iwaguchi teaches diverting oil through a heat dissipater prior to channeling the oil to a TPM detector in order to relieve heat stress on the TPM detector. Kauffman teaches a deep fryer system including a sensor that measures other indicia of oil quality. Frymaster's expert testified that Iwaguchi's diversion of oil through a heat dissipater would introduce additional plumbing and complexity leading to decreased efficiency of Kauffman's system. HPC argued that Iwaguchi's TPM detector could be implemented in Kauffman's system without diverting the oil, despite the faster degradation of the detector. However, the Federal Circuit agreed with the Board's finding that such a tradeoff would yield an unwanted combination because Kauffman's deep fryer system already measures alternative indicia of oil quality.