

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
WICHITA FALLS DIVISION**

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| ALTO-SHAAM, INC., | § | |
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| Plaintiff, | § | |
| | § | |
| v. | § | CIVIL ACTION NO. 7:09-CV-18-O |
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| THE MANITOWOC COMPANY, | § | |
| et al., | § | |
| | § | |
| Defendants. | § | |

MEMORANDUM OPINION AND ORDER

Before the Court is Defendants Cleveland Range, LLC and Convotherm Elektrogerate GmbH's Motion for Partial Summary Judgment, filed on October 15, 2010, ECF No. 131. Also before the Court is Plaintiff Alto-Shaam, Inc.'s Amended Motion for Summary Judgment and Motion for Permanent Injunction, likewise filed on October 15, 2010, ECF No. 124. This is a patent infringement case. Defendants move for summary judgment claiming, among other things, that the asserted claims of the patents-in-suit are invalid for obviousness. Plaintiff moves for summary judgment on multiple grounds, including Defendants' counterclaim for breach of contract. After considering the arguments of the parties, all relevant and admissible evidence in the summary judgment record, and the applicable law, the Court finds by clear and convincing evidence that the asserted claims of the patents-in-suit are invalid for obviousness under 35 U.S.C. § 103(a). The Court also finds, as a matter of law, that Defendant Convotherm is licensed to use the claimed invention and that Convotherm's counterclaim for breach of contract is not barred by the relevant statute of limitations or otherwise. Accordingly, the Court will grant, in part, the Defendants' motion, and deny the Plaintiff's motion.

I. FACTUAL BACKGROUND

In this case, Plaintiff accuses Defendants of infringing U.S. Patent Nos. 7,157,668 (the “668 Patent”), issued on January 2, 2007 and entitled “OVEN INCLUDING SMOKING ASSEMBLY IN COMBINATION WITH ONE OR MORE ADDITIONAL FOOD PREPARATION ASSEMBLIES,” and 7,317,173 (the “173 Patent”), issued on January 8, 2008 and entitled “OVEN INCLUDING SMOKING ASSEMBLY IN COMBINATION WITH ONE OR MORE ADDITIONAL FOOD PREPARATION ASSEMBLIES.” Both patents are utility patents disclosing a combination smoker oven. The oven combines convection, radiant heat, and steam-generating abilities and incorporates a smoker assembly inside the oven cavity for smoking food. The ‘173 Patent is a continuation of the ‘668 Patent. According to Plaintiff, Defendants have infringed on Claim 11 of the ‘668 Patent and Claim 1 of the ‘173 Patent. For ease of reference, the Court sets forth the language of these claims in full. Claim 11 of the ‘668 Patent:

11. An oven capable of preparing food product utilizing a first and second food preparation process, the oven comprising:
 - a heating cavity defining an interior including an apparatus for supporting food product disposed therein, and a door providing selective access to the interior;
 - a first food preparation assembly operable to prepare raw food product using steam and at least one of radiating heat and forced air convection;
 - a smoking assembly configured to deliver heat to an aromatic smoke producing media that emits smoke into the heating cavity in response to the delivered heat; and
 - a closed ventilating system that drains liquids produced during food preparation from the interior while preventing gasses from escaping from the interior when the interior is pressurized below a threshold pressure;

wherein the oven is capable of operating the first food preparation assembly simultaneously with the smoking assembly or separately from the smoking assembly;

wherein the heating cavity is configured to be a closed system so that air inside the heating cavity is not continuously in direct communication with air outside the oven.

Claim 1 of the '173 Patent:

1. A combination oven capable of preparing food product, the combination oven comprising:

a heating cavity defining an interior including an apparatus for supporting food product disposed therein;

a door providing selective access to the interior;

a first food preparation assembly comprising a steam assembly selectively providing steam into the interior to prepare food and a heat assembly selectively heating the interior to prepare food using at least one of radiating heat and forced air convection;

the heat assembly comprising a heating element disposed in the heating cavity and an air mover capable of forcing incoming air across the heating element to produce heated air that is delivered to the interior of the heating cavity;

the steam assembly comprising a steam producing assembly capable of delivering liquid across the heating element that transforms the liquid into steam that is delivered to the interior of the heating cavity; and

a smoking assembly selectively delivering smoke into the interior independently of the first food preparation assembly; and

a drain system configured to drain liquids produced during food preparation from the interior while preventing gasses from escaping from the interior when the interior is pressurized below a threshold pressure.

Plaintiff claims that Defendants have directly and literally infringed upon both claims, because the limitations of both claims are present in the infringing product.

This case involves combination ovens. A combination oven is an oven that combines the features of a convection oven and a steamer, allowing them to perform three functions—cooking with convection heat only, steaming food, or cooking with a combination of convection heat and steam. Combination ovens have been used in the food service industry since the 1970s. These ovens offer significant flexibility in terms of cooking many different types of food, faster cooking speeds, higher capacities, and less food shrinkage than traditional convection ovens. However, the invention disclosed by the patents-in-suit and the accused product adds an additional feature to the combination oven, the ability to smoke food.

Adding smoke flavor to certain foods, often various meats, such as ribs, is a must for many restaurants. However, the problem with smoking food is that it takes several hours to complete. The solution is to cook food via a faster method such as convection, steam, or a combination thereof, while still adding a smoked flavor. The oven disclosed by the patents-in-suit and the accused product have this ability.

These ovens have all the traditional capabilities of a combination oven—convection, steam, and combination of convection and steaming—in addition to an internal smoking assembly. The Plaintiff’s oven, known as the Combitherm, is available in electric and gas models and uses a boilerless steam-generating process that Plaintiff touts as giving “operators the unique ability to smoke any product and immediately follow it with a non-smoked item without any residual smoke flavor transfer.” Pl.’s Mot. Summ. J. 4, ECF No. 124. According to Plaintiff, “Before Alto-Shaam introduced this innovative technology . . . there was no Combi oven with an internal smoking assembly sold anywhere in the world.” Pl.’s App. Supp. Am. Mot. Summ. J. 3, ECF No. 53.

As noted, the Plaintiff's Combitherm smoking combination oven combines a boilerless steam, convection, and radiant heat features with an internal smoker assembly. The Combitherm is capable of utilizing a first food preparation process, radiating heat in combination with a rotisserie assembly, steam, or forced air convection, with a second food preparation process using heated smoke. The Combitherm is capable of operating the first food preparation process simultaneously with the smoking assembly, or separately from the smoking assembly. The oven is also capable of introducing steam into the cooking chamber immediately after the smoking function, allowing the steam to "wash down" the residual smoke tar.

Another feature of the Plaintiff's oven is the ability of the oven to seal the cooking chamber so that air outside the oven is not continuously in direct communication with air inside the oven and vice-versa. In the industry, this is known as a closed system. A closed system is desirable because it allows the oven to maintain a constant temperature and pressure, thereby reducing cooking times; it also reduces or eliminates kitchen pollution by keeping gasses in the oven's cooking chamber from escaping and being released directly into the air.

The Plaintiff alleges that the Defendants' OES-6.20SMK combination smoker oven directly and literally infringes the '668 and '173 Patents because it includes every limitation in Claim 11 of the '668 Patent and Claim 1 of the '173 Patent. The OES-6.20SMK is a combination oven with a smoking feature. It also includes a first food preparation process, featuring convection heat, steam, radiant heat, or a combination of these in addition to a second food preparation process, heated smoke. The Defendants developed their OES-6.20SMK combination smoker oven after Plaintiff developed their Combitherm combination smoker oven.

Prior to this dispute, Defendant Convotherm and Plaintiff Alto-Shaam had a long-standing business relationship. In 1989, Convotherm and the Plaintiff entered into a Marketing

Agreement wherein Plaintiff obtained the right to purchase and market Convotherm's Convostar line of hot air steamers in North America. In 1991, Convotherm and the Plaintiff entered into a License Agreement. Under this agreement, Convotherm allowed Plaintiff to manufacture and sell the Convostar hot air steamers in the United States, Canada, and Mexico. In return, Plaintiff paid royalties to Convotherm. This License Agreement remained in effect until July 20, 2004.

In March 2007, Plaintiff discovered that the Defendants might be developing an infringing combination smoker oven and sent a letter to the Enodis Corporation, which at the time, was a parent company of Defendants Convotherm and Cleveland Range. The letter requested assurances that neither Enodis nor its affiliates or subordinates were engaging in conduct which might infringe on the '668 Patent.

On April 20, 2007, Defendant Cleveland Range tested a combination smoker oven with an internal smoking assembly for Brinker International, Inc., an owner of several popular restaurant chains, including Chili's. Brinker was reportedly very satisfied with the results. When Enodis later responded to the Plaintiff's letter, it claimed a license to the Plaintiff's combination smoker by virtue of the 1991 License Agreement between Plaintiff Alto-Shaam and Defendant Convotherm. The letter did not confirm whether the Defendants were infringing on Alto-Shaam's patents. Defendants continued to manufacture, market, and sell their OES-6.20SMK combination smoker oven.

On January 27, 2009, Plaintiff filed suit for patent infringement against Defendants Cleveland Range and Convotherm. The Court issued its Memorandum Opinion and Order on claim construction on June 7, 2010; this order construed the disputed limitations of the '668 and '173 Patents according to their ordinary meanings. *See* ECF No. 96. The parties' respective

motions for summary judgment, along with their appendices, responses, and replies, are ripe for determination.

IV. SUMMARY JUDGMENT STANDARD

Summary judgment is proper when the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine dispute as to any material fact and that the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56; *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-25 (1986); *Ragas v. Tennessee Gas Pipeline Co.*, 136 F.3d 455, 458 (5th Cir. 1998). “[T]he substantive law will identify which facts are material.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A dispute regarding a material fact is “genuine” if the evidence is such that a reasonable jury could return a verdict in favor of the nonmoving party. *Id.* When ruling on a motion for summary judgment, the Court must view all inferences drawn from the factual record in the light most favorable to the nonmoving party. *Matsushita Elec. Indus. Co. v. Zenith Radio*, 475 U.S. 574, 587 (1986); *Ragas*, 136 F.3d at 458. Further, a court “may not make credibility determinations or weigh the evidence” in ruling on a motion for summary judgment. *Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 150 (2000); *Anderson*, 477 U.S. 254-55. As long as there appears to be some support for the disputed allegations such that “reasonable minds could differ as to the import of the evidence,” the motion for summary judgment must be denied. *Anderson*, 477 U.S. at 250.

Once the movant has made this initial showing, the party opposing the motion must come forward with competent summary judgment evidence of the existence of a genuine fact issue. *Matsushita*, 475 U.S. at 586. Conclusory allegations are not competent summary judgment evidence, and are insufficient to defeat a motion for summary judgment. *Eason v. Thaler*, 73 F.3d 1322, 1325 (5th Cir. 1996). Unsubstantiated assertions, improbable inferences, and

unsupported speculation are not competent summary judgment evidence. *See Forsyth v. Barr*, 19 F.3d 1527, 1533 (5th Cir.), *cert. denied*, 513 U.S. 871, 115 S. Ct. 195 (U.S. 1994). The party opposing summary judgment is required to identify specific evidence in the record and to articulate the precise manner in which that evidence supports her claim. *Ragas*, 136 F.3d at 458. Rule 56 does not impose a duty on the court to “sift through the record in search of evidence” to support the nonmovant's opposition to the motion for summary judgment. *Id.*; *see also Skotak v. Tenneco Resins, Inc.*, 953 F.2d 909, 915-16 & n.7 (5th Cir.), *cert. denied*, 506 U.S. 832 (1992). If the nonmoving party fails to make a showing sufficient to establish the existence of a genuine fact issue on an element essential to its case and on which it will bear the burden of proof at trial, summary judgment must be granted. *Celotex*, 477 U.S. at 322-23.

V. DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT

A. Obviousness

Defendants argue that they are entitled to summary judgment because the asserted claims of the patents-in-suit are invalid for obviousness. In particular, the Defendants contend that the asserted claims are invalid as obvious because the prior art discloses each limitation of the asserted claims and a person of ordinary skill at the time of the claimed invention was aware of the advantages of smoking food in a closed system combination oven. Plaintiff responds that their patented invention is not obvious and that the Defendants improperly attempt to prove that the invention was obvious because each element was independently known in the prior art.

The party asserting the defense of invalidity for obviousness must prove it by clear and convincing evidence. *Eli Lilly & Co. v. Teva Pharms. USA, Inc.*, 619 F.3d 1329, 1336 (Fed. Cir. 2010). Moreover, whether a patent is to be held invalid for obviousness is ultimately a question of law to be determined by the court. *See KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 407

(2007); *Eli Lilly*, 619 F.3d at 1336; *Structural Rubber Prods. Co. v. Park Rubber Co.*, 749 F.2d 707, 718 (Fed. Cir. 1984). The issue of obviousness should only be submitted to a jury where there is an underlying factual dispute; however, if the facts are undisputed the application of the law to those facts is for the court. *See Structural Rubber Prods.*, 749 F.2d at 721.

An invention is invalid under 35 U.S.C. § 103(a) if “the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time to a person having ordinary skill in the art to which said subject matter pertains.” “An obviousness determination . . . is based on underlying factual inquiries including: (1) the scope and content of the prior art; (2) the level of ordinary skill in the art; (3) the differences between the claimed invention and the prior art; and (4) objective evidence of nonobviousness.” *Eli Lilly*, 619 F.3d at 1336. This analysis is a broad and functional approach to determining obviousness and allows the court to consider secondary considerations where they prove instructive. *KSR*, 550 U.S. at 415.

An invention is likely to be obvious where it is a combination of familiar elements according to known methods that does no more than yield predictable results. *Id.* at 416. Where a work is available “design incentives and other market forces can prompt variations of it . . . [and] [i]f a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” *Id.* Thus, “a court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.* The analysis does not require precise teachings directed to the specific subject matter of the challenged claim, a court may take account of the inferences and creative steps that a person of ordinary skill in the art would employ. *Id.* at 418.

A patented invention that is composed of multiple elements is not proved obvious by demonstrating that each element was independently known in the prior art. *Id.* To avoid hindsight bias “it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does[]” because most inventions must rely upon building blocks long since uncovered. *Id.* “[A]ny need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed.” *Id.* at 420. In some fields of endeavor, “it often may be the case that market demand . . . will drive design trends[]” and in such cases “[g]ranted patent protection to advances that would occur in the ordinary course without real innovation retards progress[.]” *Id.* at 419; *Rolls-Royce, PLC v. United Techs. Corp.*, 603 F.3d 1325, 1339 (Fed. Cir. 2010) (“A particular course or selection is not obvious to try unless some design need or market pressure or other motivation would suggest to one of ordinary skill to pursue the claimed course or selection.”).

In addition to having some motivation or reason to combine the prior art, the person of ordinary skill in the art must also have a reasonable expectation of success in combining the prior art. For example, known disadvantages in old devices which would have naturally discouraged a search for new inventions may be taken into account. *United States v. Adams*, 383 U.S. 39, 52 (1966). Also, evidence that one has proceeded contrary to the accepted wisdom in the prior art is strong evidence of nonobviousness. *In re Hedges*, 783 F.2d 1038, 1041 (Fed. Cir. 1986). Likewise, where the prior art teaches away from combining particular known elements, discovery of a successful means of doing so is likely to be nonobvious. *KSR*, 550 U.S. at 416 (citing *Adams*, 383 U.S. at 51-52).

In determining obviousness, a court may take into account various secondary considerations and objective evidence indicating nonobviousness where appropriate. *KSR*, 550 U.S. at 415. These secondary considerations include evidence of a long-felt but unresolved need, evidence of commercial success, and evidence of acclaim from the inventor's peers, among others. *See Rolls-Royce*, 603 F.3d at 1339. However, strong evidence of obviousness cannot be overcome by the mere "presence of certain secondary considerations of nonobviousness[.]" *DyStar Textilfarben GmbH & Co. Deutschland KG v. C.H. Patrick Co.*, 464 F.3d 1356, 1371 (Fed. Cir. 2006).

1. *Level of Knowledge & Skill in the Art*

The Defendants' expert, Mr. John Corliss, offers the following opinion regarding the level of knowledge and skill in the art of oven design at the time of the claimed invention:

The ordinary skill level of persons designing commercial cooking ovens during the 2003 time period (when the invention was made) would have included a bachelor's degree in mechanical and or electrical engineering with at least five years of experience. A person of ordinary skill would have undergone a form of apprentice program under a more experienced engineer prior to assuming design responsibility for typical projects.

Defs.' App. Supp. Mot. Part. Summ. J. 3433, ECF No. 133. The Plaintiff does not express any disagreement with this opinion.

2. *Scope of the Prior Art*

The Court will begin by examining some of the prior art. In 2002, Plaintiff Alto-Shaam created a publication ("2002 Alto-Shaam Publication") advertising its Combitherm line of combination oven/steamers. This publication discloses a closed system combination oven capable of cooking via steam, convection, or a combination of both steam and convection. The publication also advises that the Combitherm is available in both gas and electric models and

boiler or boilerless models. Additionally, the publication thoroughly describes the Combitherm's closed system and its advantages, including economical power and water usage, faster cook times, and no flavor transfer when cooking multiple products at the same time. This publication also discloses the use of a drain with a water barrier in the Combitherm. The 2002 Alto-Shaam Publication was not before the examiner during the prosecution of the patents-in-suit.

Also in 2002, Plaintiff Alto-Shaam published a user's manual for its 767-SK smoker oven ("767-SK Manual"). The manual discloses a smoker oven with an internal smoking assembly and heating unit. The heating unit and smoker assembly could be controlled independently of one another. The smoking assembly of the 767-SK has a wood chip container, smokes wood chips, and is powered by electricity. It also includes vents that can be opened or closed. When the vents are closed there is no path for air to leave the oven, but opening the vents creates an open system. In fact, in developing the prototype for the invention claimed by the patents-in-suit, the Plaintiff adapted the 767-SK's smoking assembly. The 767-SK is a smoking oven, it is not a combination oven as it does not cook with steam, convection heat, or radiant heat.

Beginning in the December 1999, the Southern Pride Company began marketing its DH-65 combination smoker oven. The DH-65 was a combination oven because it cooked using convection heat and steam. It included food racks, a smoker chip box, smoker element, steam water pan, and a blower wheel all within the oven chamber. The DH-65 could be used to cook food via steam and convection alone or in combination with the smoking assembly. However, unlike the Combitherm disclosed in the 2002 Alto-Shaam Publication, the DH-65 was an open system, meaning that it vented directly into the open air (ideally into a vented hood in a kitchen).

The DH-65 also did not include a sealed drain system or other attributes of a closed system combination oven.

The prior art also included additional, more basic smoking solutions. Crescent Metal Products, Inc. manufactured and sold the Cres-Cor Crown-X Smoker, described in a 1991 operating and maintenance manual (“Cres-Cor Publication”). The Cres-Cor Publication disclosed a smoker intended to be used inside an oven. The unit included a heater and a smoker box for wood chips. The power cord for the smoker was fed through the oven door gasket. The smoker also featured a timer that allowed the user to selectively and variably apply smoke during the cooking cycle. The smoker could also be controlled independently of the controls of the oven in which it was smoking.

The prior art also includes a brochure by Chef Andy Van Luchene (“Chef Andy Publication”) disclosing another type of stand-alone smoker module. The Chef Andy Publication referred to the desirability of adding a smoke generator to combination ovens and included a picture of the device connected to a combination oven. Like the Crown-X Smoker, the smoker disclosed by the publication was an add-on to existing ovens. The device was a metal box containing a smoking assembly that could be attached via a tube to an oven through the door gasket. The smoker functioned by blowing smoke into the cavity of the oven.

3. Scope of the Claims

The asserted claims begin with two claim elements that are standard features of ovens. The claims call for “a heating cavity defining an interior” with “an apparatus for supporting food product disposed therein” and “a door providing selective access to the interior” of the oven. Unsurprisingly, the claims call for a heating cavity in the interior of the oven with shelves to support food and a door the user can open to access it.

The claims next describe “a first food preparation assembly.” Claim 11 of the ‘668 Patent merely requires that the first food preparation assembly be able to prepare food product using steam and at least one of radiating heat and forced air convection. Claim 1 of the ‘173 Patent describes the assembly as consisting of the combination of “a steam assembly selectively providing steam into the interior” and a heat assembly capable of heating the interior “using at least one of radiating heat and forced air convection[.]” Claim 1 also includes additional limitations providing more detail on the composition of the heating assembly and the steam assembly respectively. The heating assembly is comprised of a heating element and “an air mover capable of forcing incoming air across the heating element[.]” The steam assembly is “capable of delivering a liquid across the heating element that transforms the liquid into steam[.]” The patents-in-suit both disclose two standard prior art methods for generating steam and convection heat.

The claims also call for a “smoking assembly configured to deliver heat to an aromatic smoke producing media that emits smoke into the heating cavity in response to the delivered heat[.]” Claim 11 of the ‘668 Patent requires that “the oven is capable of operating the first food preparation assembly simultaneously with the smoking assembly or separately from the smoking assembly[.]” Likewise, Claim 1 of the ‘173 Patent describes “a smoking assembly selectively delivering smoke into the interior independently of the first food preparation assembly[.]” Thus, the claims require a smoking assembly and require that it be capable of operating simultaneously or separately from the first food preparation assembly.

Lastly, Claim 11 of the ‘668 Patent requires “a closed venting system that drains liquids produced during food preparation from the interior while preventing gasses from escaping from the interior when the interior is pressurized below a threshold pressure[.]” Similarly, Claim 1 of

the '173 Patent requires "a drain system configured to drain liquids produced during food preparation from the interior while preventing gasses from escaping from the interior when the interior is pressurized below a threshold pressure." Claim 11 of the '668 Patent additionally requires that the heating cavity be configured "to be a closed system so that air inside the heating cavity is not continuously in direct communication with air outside the oven." These limitations describe a closed system combination oven that prevents gasses from being vented into the open air or allowing air from the outside to enter the heating cavity during cooking.

4. *Comparison of Claims and Prior Art*

The Plaintiff does not dispute the fact that the Combitherm combination oven, described in the prior art 2002 Alto-Shaam Publication, teaches almost everything contained in the claims. The publication describes a heating cavity with shelves inside and an oven door allowing selective access to the interior. The publication describes the Combitherm's first food preparation assembly. The Combitherm is capable of cooking with steam, convection, radiant heat, or a combination of the two. Additionally, the Combitherm, as taught by the publication, is a closed system oven. The publication describes how the oven uses a water trap system to drain liquids produced during cooking from the heating cavity without allowing gasses to escape directly into the open air. The heating cavity is also sealed and the air inside does not come into direct contact with the ambient air outside the oven. In sum, the 2002 Alto-Shaam Publication teaches every limitation of Claim 11 and Claim 1 with the exception of the limitations relating to the smoking assembly.

The Alto-Shaam 767-SK Manual teaches a prior art smoking assembly. The 767-SK reveals an internal smoking assembly with a wood chip container and electrical heating elements to heat the wood chips and produce smoke. Again, Plaintiff does not dispute that combined, the

Combitherm oven, as described by the 2002 Alto-Shaam Publication, and the 767-SK would meet every limitation of the asserted claims.

The Cres-Cor Publication and the Chef Andy Publication teach the combination of a smoking unit and a traditional oven. They disclose two solutions to the problem of smoking meat while also cooking it via traditional methods such as steam and convection heat. The Cres-Cor Publication teaches an interior smoking unit while the Chef Andy teaches an exterior unit. The DH-65 teaches an interior smoking assembly with an open system combination oven.

In the claimed invention, the first food preparation assembly cooks food via a combination of steam, convection, and radiant heat. The smoking assembly uses an electric heating element to heat wood chips and cause them to produce smoke. The closed system prevents gasses from directly venting into the open air and keeps the outside air from continuously coming into direct contact with the air inside the heating cavity. This combination yields cooked food with all the benefits of preparation via steam, convection, and smoke. Cooking with smoke alone yields desirable flavors but has the downside of requiring several hours of preparation with attendant drying and shrinkage of the food product. Cooking with steam and convection greatly reduces the time required to fully prepare food and ensures moistness and flavor. Cooking with a combination of the two assemblies, steam/convection and smoke, combines the advantages of steam and convection cooking and provides smoke flavor without the downsides of smoking alone. The resulting food product is moist, flavored with smoke, and cooked in a fraction of the time. While cooking with this combination of existing components yields a quality food product, the results would nevertheless be predictable to a person of ordinary skill in the art. Each component performed its traditional function in prior art and achieved the same results.

Together, these facts reveal the following: (1) all components of the claimed invention were familiar elements, disclosed in the prior art, (2) these familiar elements were arranged in a manner taught by the prior art—placement of a smoking assembly inside an oven, (3) each element of the claimed invention continued to perform its traditional function as a component of the invention, and (4) the combination yielded successful but predictable results. These facts are highly indicative of obviousness. *See KSR*, 550 U.S. at 416 (“The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.”). However, to avoid falling prey to hindsight bias, the Federal Circuit and the Supreme Court counsel the importance of considering a reason or motivation that would have prompted a person of ordinary skill in the art, at the time of the invention, to combine the elements in the way the claimed invention does.

5. *Motivation to Combine & Reasonable Expectation of Success*

The Plaintiff does not dispute that all the elements of the claimed invention, a closed system combination smoker oven, were disclosed by the prior art. This is because Plaintiff considers the true innovation to be their success in arranging these known elements into a functional product—the combination of an electric smoking assembly and a closed system combination steamer and convection oven. The issue is whether a person of ordinary skill in the art of oven design, at the time of the claimed invention, would have had reason to attempt to combine a smoking assembly with a closed system combination oven and would have had a reasonable expectation of success in doing so. *See PharmaStem Therapeutics, Inc. v. ViaCell, Inc.*, 491 F.3d 1342, 1360 (Fed. Cir. 2007). The undisputed evidence indicates that the answer to both questions is yes.

The first question, whether a person of ordinary skill in the art would have had a reason or motivation to combine the prior art in the same way as the claimed invention does, has largely been answered. The prior art discloses various methods of smoking food in a traditional oven. The existence of this prior art demonstrates the demand for a product that could smoke food in a normal oven. *See Oatey Co. v. IPS Corp.*, 665 F. Supp.2d 830, 845 (N.D. Ohio 2009) (“the motivation to combine elements of prior art may be *implicit* in that prior art such that a person of ordinary skill in the art would easily perceive the desirability of the combination”) (emphasis in original); *see also KSR*, 550 U.S. at 418 (“When there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to the anticipated success, it is likely the product not of innovation but of ordinary skill and common sense.”).

In this case the prior art demonstrates that there was market pressure and a design need to incorporate a smoker in a closed system combination oven, that there were a finite number of identified and predictable solutions, and that the Plaintiff pursued a known option within its technical grasp. The evidence on this question is undisputed. The various pieces of prior art, taken together, define the small array of possible solutions to the problem of adding a smoking assembly to a traditional oven. The Cres-Cor Publication disclosed inserting a self-sufficient smoker unit inside of a typical oven, which could conceivably include combination ovens. The Chef Andy Smoker, on the other hand, suggested an external smoker unit to blow smoke into the cavity of an oven. The DH-65 was an open system combination oven capable of simultaneously cooking with heat, steam, and an internal smoking assembly. Aside from adding an artificial

liquid smoke flavor to foods, the available options were either an internal or external smoking assembly.

The benefits of cooking with a combination of heat, steam, and smoke have long been recognized in the industry and the prior art discloses this fact. The Defendants repeatedly point to U.S. Patent No. 1,837,924 by Hessie Rutherford from the 1930's which teaches that cooking food with the disclosed oven, capable of applying heat radiation, smoke, and steam, prevents food from shrinking and becoming crisp and dry, and causes smoke flavor to penetrate the food. P. 1, ll. 22-31, P. 3, ll. 5-11. It was also understood that closed system combination ovens cooked food faster due to their ability to generate higher steam temperatures than would be possible in an open system. Lastly, the Chef Andy Publication explicitly stated that the logical retrofit for all "combi steamers" was the ability to cook with smoke.

Also of note, though not dispositive, with regard to the issue of motivation, is the fact that both the Plaintiff and the Defendants created the prototype for the claimed invention and the accused product, respectively, in response to discussions with the same large customer, Brinker International. Brinker was looking to increase productivity and efficiency in its restaurant chains. Specifically, Brinker sought to acquire kitchen equipment that could cook a greater variety of foods in less time. In the Plaintiff's case, the discussions immediately focused on incorporating a smoker box, such as that found in Alto-Shaam's 767-SK, into the cavity of a combination oven. In creating its prototype, the Plaintiff did exactly that; they placed the smoking box from the prior art 767-SK into the cavity of the prior art Combithem, the subject of the 2002 Alto-Shaam Publication. Therefore, considering all of the above, the Court is satisfied that the person of ordinary skill at the time of the claimed invention would have had a reason or motivation to combine an internal smoking assembly and a closed system combination oven.

Secondly, and more closely contested, is whether a person of ordinary skill in the art would have had a reasonable expectation of success in combining a smoking assembly with a closed system combination oven. The Plaintiff argues that a person of ordinary skill would have been deterred from actually attempting such a combination due to the technical challenges it posed.

First, Plaintiff argues that a person of skill would have assumed that when smoke is introduced to the oven, smoke residues would remain and render the equipment unsuitable for cooking non-smoked food because smoke flavor would transfer to food subsequently cooked in the same oven. Secondly, Plaintiff insists that a person of ordinary skill would have doubted that the oxygen available in the cavity of a closed system oven could enable sufficient combustion to produce smoke. Next, a person of ordinary skill in the art would have been concerned about the convection fan in a closed system blowing ash produced by the smoke assembly onto the food. Additionally, a person of skill in the art would have been concerned about a potential fire hazard where grease or juices produced during cooking come in contact with the hot surface or embers in the smoking assembly. Finally, Plaintiff returns to its initial argument regarding smoke residues and notes that a person of skill would have assumed that cleaning such residues from the interior of the oven would be labor-intensive, rendering the oven inefficient and difficult to maintain.¹ Consequently, according to Plaintiff, a person of ordinary skill in the art at the time of the invention would not have had a reasonable expectation of success in combining the prior art combination oven and smoking assembly.

¹ In its briefing the Plaintiff sometimes contends that these technical challenges “teach away” from the claimed invention. However, only prior art “teaches away,” and the Plaintiff does not direct the Court to any statements or teachings in the prior art. In reality, the Plaintiff is arguing that a person of ordinary skill, despite any motivation to combine a smoking assembly and a closed system combination oven, would not have had a reasonable expectation of success in doing so.

First, Plaintiff argues, a person of ordinary skill in the art would have been so concerned about smoke flavor transfer that they would have been deterred from considering installing a smoker inside a closed system combination oven. Plaintiff points to the cost of a typical combination oven, about \$ 18,000, and the “relevant knowledge at the time[.]” According to William Hansen, an Alto-Shaam employee and co-inventor of the ‘173 Patent, who Plaintiff has offered as their expert:

There were no identifiable predictable solutions to solving the problem of smoke flavor transfer between cooking functions in a Combi smoker oven. The old adage was “once a smoker, always a smoker.” As a result, there was absolutely no market pressure to combine these two appliances. The Combi oven and smoker were always contained in separate appliances. The known problem of smoke flavor transfer created a disincentive for a person of ordinary skill to combine a Combi oven with a smoker function located inside the oven cavity. In fact, the relevant knowledge at the time discouraged combining a Combi oven with an internal smoker. A person of ordinary skill would not have assumed that there was any chance of eliminating the smoke transfer problem in a Combi smoker oven, particularly with a steam boiler system. Because there was no reasonable expectation of success of eliminating the smoke transfer problem in a Combi smoker oven, there was no incentive for a person of ordinary skill to even try.

Pl.’s App. 5-6, ECF No. 53. Replete with self-serving and conclusory statements, Mr. Hansen’s testimony alone is insufficient to defeat summary judgment. *See Slaughter v. Southern Talc Co.*, 919 F.2d 304, 307 (5th Cir. 1990) (An expert’s summary judgment affidavits must contain factual support for the opinions expressed therein.); *see also Evers v. Gen. Motors Corp.*, 770 F.2d 984, 986 (11th Cir. 1985) (“a party may not avoid summary judgment solely on the basis of an expert’s opinion that fails to provide specific facts . . . to support its conclusory allegations.”). Moreover, Plaintiff does not point to any evidence in the prior art indicating a concern with smoke residue and flavor transfer issues.

On the other hand, the Defendants demonstrate that there is little or no evidence of such concerns in the prior art. Deposition testimony indicates that the manufacturers and sellers of neither the DH-65, an open system combination oven with a smoking assembly, nor the Chef Andy Smoker, which blew smoke into the cooking chamber of any oven, experienced smoke flavor transfer problems. Plaintiff does not dispute this evidence, but focuses on their allegedly novel solution to the problems of smoke residue and flavor transfer—cleaning the smoke residue with steam between cooking different foods. The Court will address this issue below, in relation to Plaintiff’s argument regarding the difficulties associated with cleaning smoke residue out of an oven. In arguing that a person of ordinary skill would not have had a reasonable expectation of success due to smoke flavor transfer, Plaintiff relies only on the conclusory statements of Mr. Hansen. Since the Defendants present actual evidence that smoke flavor transfer was not a predominate concern, such that it would have deterred the mere consideration of including a smoking assembly in a closed system combination oven, Plaintiff cannot prevail on this point.

Secondly, Plaintiff argues that a person of ordinary skill in the art would not have had a reasonable expectation of success in combining the prior art because they would assume that scarcity of oxygen in the oven cavity would have prevented combustion capable of producing smoke. According to Plaintiff, a person of ordinary skill would have known that only a small amount of oxygen remains in the cavity of a closed system oven. This is due to the fact that production of pressurized steam forces oxygen out of the heating cavity. Thus, any oxygen would be quickly consumed by the combustion of the wood chips. A person of ordinary skill would therefore doubt that smoke could be produced in a closed system oven. Plaintiff also offers that many in the industry indeed questioned how Alto-Shaam was able to generate steam in a closed system oven. Plaintiff argues that in combining the prior art, as the invention does, it

proceeded contrary to the accepted wisdom in the prior art. Consequently, a person of ordinary skill in the art would not have had a reasonable expectation of success in combining it.

The Plaintiff's argument disregards how smoke is actually created in a closed system oven. The production of smoke in a low oxygen environment, such as the heating cavity of a closed system oven where pressurized steam is being produced, is the result of pyrolysis, not combustion. As explained by Mr. Corliss, the Defendants' expert:

Pyrolysis is an energy consuming process. It does not result in a heat release, rather it takes energy to break down the relatively large, complex hydrocarbon molecules of the wood. That energy comes from the electrical heating elements in the smoker box. Pyrolysis is a process whereby the solid wood fibers and molecules break apart to form smaller molecules and substances. These substances are emitted from the solid wood body in the form of gasses and other particles. Some of the emissions from wood pyrolysis are known as polycyclic aromatic hydrocarbons . . . or volatile organic compounds[]. These substances, along with the carbon particles and other substances in the smoke are combustible and are generally composed of carbon, methane gas, other hydrocarbon gasses, hydrogen and oxygen The oxygen is bound within the once-living molecules and fibers of the wood, and in the water contained within the wood. This water vapor is also emitted from the wood solid unless the wood is perfectly dry.

Defs.' App. 3441, ECF No. 133. The Plaintiff argues that Mr. Hansen observed visible flames in the interior of oven and therefore combustion must be taking place. However, Mr. Corliss explains that while flames generally would not occur in a closed system oven because of the scarcity of oxygen, they may occur on occasion because "[t]he escaping gasses from wood have an ignition temperature that is about the same as the temperature needed for pyrolysis, so those gasses can ignite and burn with a flame under the right conditions." *Id.* at 3442. Again, Plaintiff does not dispute Mr. Corliss' testimony on this issue. Moreover, Plaintiff does not explain why a person of ordinary skill in the art would understand that the production of steam causes scarcity of oxygen such that combustion cannot take place, but not understand the concept of pyrolysis

and how smoke is generated in a low oxygen environment. Accordingly, there is no reason why a person of ordinary skill in the art would not have a reasonable expectation of success in combining the prior art as the claimed invention does due to doubts about how smoke could be created in a closed system oven.

Next, Plaintiff argues that a person of ordinary skill in the art would not have had a reasonable expectation of success in combining the prior art because of concerns about a convection fan blowing ash from the smoking assembly around the oven interior and onto the food. The Plaintiff cites no evidence for this proposition in the prior art or otherwise. They also admit that ovens built according to the claims do not experience this problem. Plaintiff simply parrots the Defendants' explanation, in their non-infringement arguments, for why the infringing product does not operate the smoking assembly at the same time as the first food preparation assembly. As Plaintiff cites no evidence that this was a concern in the prior art, there is simply no basis for this argument and the Court dismisses it accordingly.

Fourth, Plaintiff argues that a fire hazard would have deterred a person of ordinary skill in the art from installing a smoking assembly inside a closed system combination oven. During cooking, grease and other drippings are produced. A person of ordinary skill would have known that drippings might come in contact with a hot surface or embers inside the smoking assembly. Thus, the grease might ignite when the oven door is opened and fresh oxygen is introduced to the cooking chamber. According to Mr. Hansen:

It was also not obvious to combine a smoking assembly with a closed-system combination oven because there [sic] was felt there might be a potential fire hazard. A person of ordinary skill in the art would have been concerned that grease and drippings produced during cooking might come in contact [sic] the hot surface and embers inside the smoking assembly. When the door of a closed-system oven is opened, oxygen enters the cavity. A person of ordinary skill would have been concerned that the introduction of

fresh oxygen in the oven cavity might cause the grease to ignite resulting in a grease fire. A skilled artisan would consider this a potential fire hazard and therefore would not have considered combining a closed-system oven with a smoking assembly.

Pl.'s App. 4541, ECF No. 151. Aside from this testimony, the Plaintiff fails to direct the Court to any evidence in the prior art of such concerns. As noted *supra*, conclusory expert testimony will not avoid summary judgment *See Slaughter*, 919 F.2d at 307; *see also Evers*, 770 F.2d at 986. Moreover, in a non-smoking closed system combination oven it is possible that grease and other drippings might come in contact with a hot surface. If opening the door to the oven cavity is sufficient to ignite the grease this would be a major concern in all combination ovens. Therefore, Plaintiff has not presented any evidence that a person of ordinary skill in the art would not have had a reasonable expectation of success in combining the prior art due to a fire hazard.

Lastly, Plaintiff argues that the accumulation of smoke residue and tar in the oven cavity and concerns about cleaning it would have deterred a person of ordinary skill from smoking in a closed system combination oven. This argument is closely related to the smoke flavor transfer argument because it is the smoke residue and tars that allegedly cause flavor transfer issues.

Again, Plaintiff relies exclusively on Mr. Hansen:

[A]n oven coated with smoke tar and grease requires a significant amount of time and effort to clean. A person of ordinary skill in the art would have assumed that smoke tar and grease would accumulate on every individual part inside the oven cavity including the racks, the convection fan blades, the inner shell, the oven door, the hinges of the interior side wall, the drain, and the smoking assembly itself. A person of ordinary skill in the art would have known that cleaning these residues would necessitate a time-consuming and labor-intensive process. From the standpoint of a skilled artisan, this would render the oven inefficient and difficult to maintain.

Pl.'s App. 4541, ECF No. 151. Mr. Hansen does not point to any evidence in the prior art. Again, the Court is left with nothing but his conclusion. *See Slaughter*, 919 F.2d at 307; *see also Evers*,

770 F.2d at 986. Accordingly, Plaintiff has not presented any evidence indicating that a person of ordinary skill would not have had a reasonable expectation of success in combining the prior art due to overwhelming concerns about oven contamination and cleaning issues.

Plaintiff also argues that only after they combined the prior art, contrary to the allegedly accepted wisdom that cleaning a closed system combination smoker oven would be an unbearable task, was it discovered that the smoke residues and tars could be cleaned from the oven interior with steam. However, the Defendants point to evidence indicating that steam was known to be useful in cleaning the interior of combination ovens. According to Mr. Corliss:

Steam has been used to clean combination ovens long prior to the '668 and '173 patents. In my experience with combination ovens, steam has often been used as a mechanism to clean the oven cavity. For example, in an article about combination ovens from *Restaurant Business* in January, 1992, Joseph Durocher states, "However, operating the oven in the steam mode with a quick spray down on a daily basis will clean off most of the burned-on grease." A1247. In June 1987, the same author stated in another article in *Restaurant Business*, "All in all, combination ovens are very easy to maintain as they basically self-clean themselves [sic] during the steam cycle." A1254. Because steam is used to clean combination ovens, including tough cleaning jobs such as baked-on grease, the first thing a person of ordinary skill in the art would try to clean smoke residue would be to run a steam cycle.

Defs.' App. 3523-24. Mr. Corliss also directs the Court to evidence indicating that as early as 1972, manufacturers of ovens that were used to smoke meat recommended steam to clean the oven. *See id.* at 3524. Mr. Corliss's testimony on these points stands in stark contrast to Mr. Hansen's bare assertions. Unlike Mr. Hansen, Mr. Corliss refers to evidence in prior art supporting his opinion. This evidence indicates that there is significant reason to believe that a person of ordinary skill in the art would have turned first to steam when confronted with the problem of cleaning smoke residue from the oven interior. There is no evidence that a person of

ordinary skill would not have a reasonable expectation of success in smoking in a closed system combination oven because of concerns about how to clean the oven.

6. *Secondary Considerations*

Despite any *prima facie* case of obviousness, Plaintiff also contends that various secondary considerations indicate that the asserted claims of the patents-in-suit are not obvious. First, Plaintiff argues that the commercial success of its combination smoker oven is objective evidence of nonobviousness. Plaintiff points to the upward trend of sales of its combination smoker oven from 5 units in 2004, when it was introduced, to 317 units as of October 31, 2010. Plaintiff also points to the gross sales figures for these units. Secondly, Plaintiff argues that its combination smoker oven satisfied a long felt but unresolved need in the market, pointing to the long felt desire to cook and smoke food quickly in a single appliance. Next, Plaintiff argues that copying by the Defendants of the Plaintiff's combination smoker oven after the Defendants failed to develop a non-infringing product is objective evidence of nonobviousness. Plaintiff also contends that the Defendants tried and failed to develop alternative designs before copying the Plaintiff's product. Lastly, Plaintiff maintains that the claimed invention produced several unexpected results—the ability to eliminate smoke flavor transfer with a steam wash down, the ability to produce smoke in a closed system oven, and the ability to prevent ash from contaminating the food during smoking. Plaintiff believes that this evidence overcomes any *prima facie* case of obviousness.

The Plaintiff presents inconclusive evidence of commercial success of their combination smoker oven. As the Defendants point out, the Plaintiff gives the smoker assembly away for free with the combination oven so it is not entirely certain whether all sales Plaintiff reports were actually motivated by the smoking assembly. Plaintiff replies that one of its largest customers,

after already placing orders for Alto-Shaam combination ovens, asked if they could upgrade to the combination smoker oven. While this evidence does demonstrate interest in the smoking feature, it is also clear that the customer was already motivated to purchase a combination oven from Alto-Shaam without a smoker; thus, these sales would presumably have been made whether the smoking option was available or not. Plaintiff also points to comments by representatives of some its competitors, including one of the Defendants, expressing admiration of or skepticism as to how the combination smoker oven functioned. However, the evidence indicates that these comments were not made by persons with the qualifications of one of ordinary skill in the art. One person was a chef and the other a corporate executive, neither were engineers. Plaintiff also argues that its receipt of the Kitchen Innovation Award at the National Restaurant Show for their combination smoker oven demonstrates commercial success. The Court agrees that the award constitutes some evidence of innovativeness but the evidence also indicates that the award must be applied for and that each applicant must pay an assessment before their product will be considered and an additional amount if the product is chosen for the award. Nonetheless, both the sales of the Plaintiff's combination smoker oven and their receipt of the Kitchen Innovation Award, indicate that their product was a noteworthy contribution to the market for commercial kitchen appliances.

The Plaintiff presents little evidence that their invention satisfied a long felt but unresolved need in the art. Their argument on this point proceeds by pointing to various pieces of prior art disclosing different inventions for cooking food while imparting a smoke flavor. Plaintiff then seeks to narrowly define the long felt but unresolved need as the specific claimed invention, a closed system combination smoker oven. However, as is clear from the multiple prior art references that Plaintiff cites, the need to cook food while imparting a smoke flavor may

have been long felt, but it was far from unresolved. The prior art cited by Plaintiff seeks to fulfill this need in various ways and with varying degrees of success, not to mention the prior art cited in the *prima facie* obviousness analysis above. In sum, the Plaintiff presents a weak case of long felt but unresolved need because, at best, the claimed invention fulfills a long felt need in a more efficient or innovative way. As Plaintiff points out, several products, including the prior art, meet this long felt need. It is not unresolved simply because the claimed invention may meet it in a more efficient way.

Likewise, the Plaintiff presents no evidence of failure of others in developing the claimed invention. While there is evidence that the Defendants experimented with various alternative designs, such as an external smoker and liquid smoke, there is no evidence that the Defendants tried to create the claimed invention and failed. Moreover, Plaintiff does not present evidence of any third parties who tried to install a smoker in a closed system oven and failed. On the contrary the prior art is replete with examples of several products that sought to simultaneously cook and smoke food. These products used various methods and some were similar to the claimed invention, the DH-65 in particular. Some of these products succeeded and others did not; some products were more efficient and produced better results than others. But there is no evidence of attempts to smoke in a closed system combination oven that were met with failure. In fact, the Plaintiff's case focuses on questioning whether a person of ordinary skill in the art would have had a reasonable expectation of success installing a smoker in a closed system combination oven. If there was significant evidence of repeated attempts to do so in the past that were met with failure, Plaintiff had every incentive to point them out.

The Court finds that there is some evidence that the Defendants copied the concept of installing a smoking assembly inside a closed system combination oven. The claimed invention

discloses a closed system combination oven with an internal smoking assembly. Similarly, the accused product is a closed system oven with a smoking assembly. Defendants argue that there are significant differences between the allegedly infringing product and the claimed invention. However, the Court need not delve into the parties' respective infringement arguments. For purposes of obviousness, the Court will acknowledge that the claimed invention and the Defendant's product are closed system combination ovens with a smoking assembly. The Court concludes that there is evidence that the Defendants copied the concept of including a smoking assembly inside of a closed system combination oven.

Finally, the Court finds no evidence of unexpected results. Plaintiff reasserts most of its arguments as to why a person of ordinary skill in the art at the time of the invention would not have had a reasonable expectation of success in combining the prior art as the claimed invention does. Plaintiff contends that the claimed invention overcomes these issues in unexpected ways. The Court has already rejected these arguments. There is significant evidence that a person of skill in the art would have turned first to steam when confronted with the problem of how to clean flavor transferring smoke residue from the interior of the oven. Thus, the fact that the claimed invention solves the flavor transfer issues by using a steam wash down is not unexpected. Also, a person of ordinary skill in the art would have understood that smoke is created in a low oxygen environment, such as the heating cavity of a closed system oven, by a process known as pyrolysis. Accordingly, the fact that the claimed invention is capable of smoking in a closed cavity is not unexpected. And lastly, there is simply no evidence that a person of ordinary skill in the art would have harbored significant concerns about ash from the smoking assembly blowing onto food and contaminating it. Therefore, it is not unexpected that

the claimed invention is not hampered by blowing ash. There is no evidence of unexpected results indicating that the claimed invention was not obvious.

The Court's analysis of the secondary factors presented by the Plaintiff only confirms the *prima facie* case of obviousness in this case. The Plaintiff has demonstrated some level of commercial success, but it is unclear how much of this success can be attributed to the claimed invention including a smoking assembly. Since the smoking assembly is provided for free with all units it is unclear how many sales would be made anyway, even if no smoking option was available. There is very little evidence that the claimed invention satisfied a long felt but unresolved need, because many products are available that satisfy the need of cooking while imparting a smoke flavor. There is no evidence of failure of others who tried to create the claimed invention before the Plaintiff, who were ultimately successful. On the other hand, there is some evidence that the Defendants did copy the concept of smoking inside a closed system combination oven. Lastly, there is no evidence that the results achieved by the claimed invention were unexpected to a person of ordinary skill in the art. In fact, consideration of these secondary factors and the evidence presented by the parties, like the *prima facie* obviousness analysis, ultimately confirms that the claimed invention is a meaningful but ultimately obvious improvement upon the prior art.

7. *United States Patent & Trademark Office*

Before concluding, it would also be helpful to consider the recent actions of the United States Patent & Trademark Office ("PTO"). In its briefing, the Plaintiff argues that the Court should take into account the fact that the PTO issued U.S. Patent No. 7,755,005 ("005 Patent") over the principal prior art cited by the Defendants. The Defendants contend that the Plaintiff waited to submit highly material prior art to the examiner until after he allowed the claims of the

'005 Patent. The Defendants also argue that the 2002 Alto-Shaam Publication was never disclosed to the examiner. However, recent actions of the PTO are of more relevance.

On October 14, 2010, Defendant Cleveland Range filed two Requests for *Inter Partes* Reexamination of the asserted claims of the patents-in-suit. Recently, on February 4, 2011, the PTO granted the request for Claim 1 of the '173 Patent. At the same time, the PTO issued an Office Action rejecting Claim 1 of the '173 Patent as invalid for obviousness under 35 U.S.C. § 103(a) on 33 separate grounds. These grounds include various combinations of the prior art cited to this Court, notably, the 2002 Alto-Shaam Publication, the 767-SK Manual, the Chef Andy Publication, and the Cres-Cor Publication. *See* Defs.' Notice, ECF No. 196. As of this writing, the PTO has yet to respond to the request regarding reexamination of Claim 11 of the '668 Patent.

In the Office Action the PTO found that "Claim 1 is unpatentable under . . . § 103 as being obvious over the 2002 Alto-Shaam Publication . . . in view of the 767-SK Manual . . ." *Id.* Ex. B. at 3. Additionally, the PTO found Claim 1 obvious "over the 2002 Alto-Shaam Publication in view of the 767-SK Manual and in further view of the Chef Andy Publication . . ." *Id.* The PTO also found that the same applies with regard to the 2002 Alto-Shaam Publication, the 767-SK Manual and the Cres-Cor smoker. In sum, the PTO found that Claim 1 of the '173 Patent was obvious in light of the prior art discussed in this opinion in addition to several other pieces of prior art.

While the PTO has yet to respond to the request regarding Claim 11 of the '668 Patent, the Court believes that most if not all of the same grounds would apply. The primary difference between Claim 11 of the '668 Patent and Claim 1 of the '173 Patent is the additional limitations related to the first food preparation assembly in Claim 1.

In light of these findings, the Plaintiff's contention that the '005 Patent was issued over the principal prior art carries little weight. The PTO has found that the 2002 Alto-Shaam Publication is highly relevant to the validity of Claim 1 of the '173 Patent. This publication was not before the examiner during the prosecution of either of the patents-in-suit or during the prosecution of the '005 Patent.

8. *Conclusion*

Based on the above, it is apparent that each component of the claimed invention was disclosed in the prior art. Together, the prior art 2002 Alto-Shaam Publication and the prior art 767-SK Manual disclose every limitation of the asserted claims. Moreover, each component of the claimed invention functions as it did in the prior art. The results of the claimed invention, tender and moist food product with a smoked flavor, fully cooked in a short period of time, while successful, are not unexpected. The benefits of smoking and cooking with steam and convection or radiant heat have long been known. The prior art also provides a reason or motivation for a person of ordinary skill in the art of oven design to combine the prior art as the claimed invention does. The Chef Andy Publication and Cres-Cor Publication speak of the desirability of smoking in any type of oven. Likewise, the DH-65 was a prior art combination smoker oven that evidences the motivation to smoke in a combination oven and the benefits thereof. Lastly, the evidence indicates that a person of ordinary skill in the art of oven would have had a reasonable expectation of success in combining the prior art in 2003. Plaintiff presents minimal evidence of secondary considerations indicating nonobviousness and that evidence cannot overcome the strong *prima facie* case of obviousness of the claimed invention. Accordingly, the Court finds by clear and convincing evidence, that Claim 11 of the '668 Patent and Claim 1 of the '173 Patent

describe an obvious combination of prior art and are therefore not patentable under 35 U.S.C. § 103.

B. License

The Defendants also move for summary judgment claiming non-infringement because they have a license to use the claimed invention based on the parties' 1991 License Agreement. The Court fully discusses this issue and the parties' arguments below. The discussion of the scope of the 1991 License Agreement and whether the claimed invention falls within the scope of the agreement is hereby adopted and incorporated.

VI. PLAINTIFF'S AMENDED MOTION FOR SUMMARY JUDGMENT

The Plaintiff moves for summary judgment on multiple grounds. However, since the Court has found that the asserted claims of the patents-in-suit are invalid for obviousness under 35 U.S.C. § 103, the Court need only consider the Plaintiff's arguments regarding Defendant Convotherm's counterclaim for breach of contract. Convotherm claims that the Plaintiff has breached the terms of the parties' 1991 License Agreement by filing this lawsuit. Convotherm seeks damages as provided by the License Agreement for this alleged breach, namely the cost of defending this lawsuit. Plaintiff seeks summary judgment on this claim arguing that the License Agreement is not applicable to the claimed invention. Plaintiff also argues that the claim is barred by the statute of limitations and other bases.

A. Standards of German Contract Law

The parties agree that German substantive law applies to all aspects of this claim. German law provides that when a contract is interpreted, a court must ascertain the true intent of the parties rather than adhering to the literal meaning of the contract. *See* Sec. 133 BGB. Moreover, contracts must be interpreted as required by good faith, taking customary practice into

consideration. *See* Sec. 157 BGB. However, in spite of the prohibition of section 133, contract interpretation must begin with the actual wording of the contract. *See* Palandt Sec. 133, no. 14. If the legally relevant meaning of the contract is certain, no further interpretation is necessary. *See id.* at no. 6. When there is doubt, the ordinary meaning of a word governs. *See* BGHZ 121, 13 (16); BGHZ 124, 39 (44); NJW 2001, 144, et seq.; NJW 2001, 2535 (2535); Palandt, Sec. 133, no. 14; BGH, NJW-RR 1996, 239.

Under sections 133 and 157 of the BGB, only circumstances known to the contracting parties at the time of the execution of the contract are relevant in determining their understanding of the agreement. *See* BGH, NJW 1988, 2878 (2879). In other words, circumstances that arise after execution of the contract should not be used to change the meaning of the contract's language in such a way as to contradict the parties' understanding of the agreement at the time of contracting. *See id.*

Circumstances that can be taken into account in interpreting a contract include business custom or usage in past transactions between the parties, contractual negotiations, or subsequent statements or actions of the parties. *See* Palandt Sec. 133, nos. 15-16. The court should interpret a contract in accordance with its intended purpose, giving due consideration to the parties' respective interests and their mutual interests as expressed in the contract. *See id.* at no. 18.

The court must take into account the entirety of the provisions and the overall picture of the contract. *See* BGH, NJW 1999, 2432, (2433); NJW 2004, 2156 (2156, et seq.). To the extent possible, the court should interpret the contract in a manner that renders all of its provisions effective and harmonious and not contradictory or meaningless. *See* BGH, NJW 2004, 2156 (2156, et seq.). A word or phrase is presumed to have the same meaning in all provisions belonging to the same context. *See* Palandt, Sec. 133, 14; BGH, NJW 1957, 873. Where a

specific provision conflicts with a general provision, the specific controls. *See* BGH, WM 2006, 871 (872); NJW 2002, 747, et seq. Lastly, no word or clause should be rejected as mere surplusage, if the court can discover any reasonable purpose for it from the whole instrument. *See* BGHZ, 20, 109, et seq.; NJW 1998, 2966 (2966); NJW 2005, 2618 (2618, et seq.).

Under German law, the statutory limitation period for compensation claims based on breach of a patent license contract is three years. *See* Sec. 195 BGB, Sec. 141 sentence 1 PatG (German Patent Act). The limitation period begins with the end of the year in which the claim arose and the plaintiff attained knowledge or could have attained knowledge without gross negligence regarding all relevant facts on which the claim is founded. *See* Sec. 199 para. 1 no 1 and 2 BGB. Thus, the statute of limitations period begins to run at 12:00 PM on December 31 of the year in which the claim accrues and expires three years later, likewise at 12:00 PM on December 31.

A contractual right is forfeited if a party has not asserted its right for a significant period of time even though it was able to do so and the other party actually relied on the fact that the party would refrain from asserting its right in the future. *See* BGH, Judgment of March 12, 2008 – File No. XII ZR 147/05. Lastly, while there is no principle of estoppel under German civil law, the BGH has developed principles based on the doctrine of good faith that underlies Sec. 242 BGB that would prohibit a party from exercising its contractual rights under certain circumstances. The German Federal Court has often reaffirmed that the statutory requirement of good faith is violated where a party subsequently and unexpectedly changes a position on which another party has relied for a significant period of time and there is no reasonable justification for the change in position. *See* BGH, Judgment of May 22, 1985 – File No. Iva ZR 153/83. Under such circumstances, a party is prohibited from asserting a right that could not reasonably be

expected by the other party based on the principle of good faith. *See id.* The Court will turn first to whether the claimed invention falls within the scope of the License Agreement.

B. Scope of the 1991 License Agreement

Plaintiff Alto-Shaam argues that the claimed invention, Plaintiff's combination smoker oven, does not fall within the scope of the 1991 License Agreement. Plaintiff bases this argument on the agreement's definition of the term "Products" in Article 1.1. The agreement defines "Products" as follows:

"Products" means the Convostar product line of hot-air steamers currently being manufactured and sold by Licensor under the name "Convostar". [sic] The Convostar product line consists of five (5) models designated as 6.10, 10.10, 20.10, 12.20 and 20.20. The "Products" also include any new developments, modifications and improvements made by Licensor to the foregoing 5 models, new model sizes using the same technology, insofar as the Licensor includes such models in the "Convostar" series for all markets. However, the term "Products" does not include any new generation of appliances using different technology, e.g. gas-fired steam generation or application of other forms of energy.

Licensing Agreement at 4, Pl.'s App. 68. According to Plaintiff, this last sentence excludes their combination smoker oven from the definition of "Products" because it is a new generation of appliance that uses a different form of energy, heated smoke. Defendant Convotherm argues this sentence, like the sentence preceding it, applies only to the "Licensor," Convotherm, and does not refer to developments, modifications, or improvements to a Product made by the Licensee, Plaintiff Alto-Shaam, which is covered in Article 5.1.

The Plaintiff's proposed interpretation of this section is incorrect. The purpose of this section is to define the term Products, the subject of the License Agreement. Necessarily, this article refers only to the Products licensed in the agreement by the Licensor. The first sentence broadly defines "Products." The second sentence describes with particularity the Convostar

product line. The next sentence broadens the ambit of “Products” to include “new developments, modifications and improvements” made by the Licensor, Convotherm. The last sentence carves out certain items that the third sentence would otherwise include. This interpretation is further bolstered by Article 5.2 relating to improvements to the “Products” by the Licensor. Article 5.2 reads as follows:

Any invention, improvement or modification to the Products, or their design or method of manufacture or operation, in accordance with Art. 1.1 of this Agreement, developed or made by or for Licensor over the duration of this Agreement and relating to the Products or their design or method of manufacture or operation shall promptly be known by Licensor to the Licensee. Such invention, improvement or modification shall be included within the Proprietary Rights licensed hereunder, with no increase in royalties payable hereunder, to the extent that such modifications correspond to the criteria laid down in Art. 1.1. Licensee is only entitled to inventions and modifications above and beyond those referred to above against payment in accordance with an agreement to be concluded separately for such a case. Licensee obtains a right of first refusal to modifications or inventions [sic] which are not included Art. 1.1 with respect to territory.

Licensing Agreement at 12, Pl.’s App. 76. Article 5.2 indisputably refers only to improvements by the Licensor, or Convotherm. This article refers back to and incorporates the exclusion in the last sentence of Article 1.1, addressing the same subject. Its purpose is to provide more specific guidance as to the Licensor’s duties with regard to improvements within the scope of Article 1.1. Accordingly, Article 1.1 does not exclude the claimed invention from the ambit the License Agreement.²

² Moreover, as will be apparent in the discussion of Article 5.1 below, the proper question is not whether the Plaintiff’s invention is a Product within the meaning of Article 1.1, but whether it is an invention, improvement, or modification of a Product. The invention need not be a Product to fall within the scope of the Licensing Agreement.

The Plaintiff also argues that the claimed invention is excluded from the License Agreement by the last sentence of Article 5.3 relating to joint improvements. Article 5.3 reads as follows:

If for the duration of this Agreement the parties jointly develop, make or have made any invention, improvement or modification to the Products or their design or method of manufacture or operation, such invention, improvement or modification shall be jointly owned by the parties. Licensor shall have the right at its expense, to file patent applications in its name on any such improvement, invention or modification in any country in the world outside of the Territory and Licensee shall have the right at its expense to file patent applications in its name in any country within the Territory. In such event, the non-filing party shall have royalty-free, non-exclusive, non-transferable, perpetual license to use such invention, improvement or modification in such country, except (a) in the case of Licensor, in the Territory for the duration of this Agreement, and (b) in the case of Licensee, outside of the Territory for the duration of this Agreement. Inventions, improvements or modifications concerning a product of Licensee not included within the Products are not subject to the aforesaid provisions.

Licensing Agreement at 12, Pl.'s App. 76. According to Plaintiff, the last sentence of Article 5.3 applies to the entirety of Article 5 rather than only Article 5.3, in which it appears.

Again, the Plaintiff's argument is without textual support. The Plaintiff does not direct the Court to any language supporting its contention that the last sentence of Article 5.3 should apply to all of Article 5. Article 5.3 refers to joint improvements by both parties to the licensing agreement, the Licensor and the Licensee. The exclusion in Article 1.1 does not apply to joint improvements because it explicitly applies only to certain improvements by the Licensor. It is possible that both the Licensor and Licensee might jointly improve a product of the Licensee, and no other provision explicitly excludes such improvements from the agreement; although it would seem to be implicit from the definition of Products in Article 1.1. The last sentence of Article 5.3 merely makes this exclusion explicit. Article 5.3 applies only to joint improvements

of Products within the meaning of Article 1.1, and not to joint improvements of any products of the Licensee. The Plaintiff argues that this exclusion should be applied to all of Article 5, however, this exclusion would be meaningless if applied to Article 5.2, relating to improvements by the Licensor. Article 5.1 squarely addresses the issues presented by Convotherm's counterclaim.

Article 5.1 relates to improvements made by the Licensee to the Products. Article 5.1 reads as follows:

Any invention, improvement or modification to the Products or their design or method of manufacture developed or made by or for Licensee throughout the duration of this Agreement will promptly be made known by Licensee to Licensor. Licensee will grant and does hereby grant to Licensor a royalty-free, non-exclusive, non-transferable license, which shall be perpetual and irrespective of the duration of this Agreement, to use such invention, improvement and modification throughout the world, except in the Territory for the duration of this Agreement. If Licensor desires to file patent applications on any such improvement, invention or modification in any countries of the world, except those within the Territory, Licensor shall notify Licensee in writing of such desire, and unless Licensee files for such patent applications within the three (3) month period following the date of such notice, Licensor shall have the right to do so at its expense, and such applications and patents issuing therefrom shall, without charge, be the property of Licensor. Licensee will execute or cause to be executed such assignments, applications or other documents as may be requested by Licensor to perfect the rights and licenses granted pursuant to this Section 5.1.

Licensing Agreement at 11, Pl.'s App. 75. This section relates specifically to improvements by the Licensee to the Products and provides the Licensor with a license to the improvement, invention, or modification. Even if the exclusion provided by the last sentence of Article 5.3 did apply to Article 5.1, as Plaintiff urges, the meaning of this article would not change. Any such exclusion would merely clarify that Article 5.1 contemplates only inventions, improvements, or modifications to the Products, within the meaning of Article 1.1. Accordingly, the only

remaining issue is whether the Plaintiff's claimed invention is an "invention, improvement or modification to the Products or their design or method of manufacture developed or made by or for Licensee throughout the duration of this Agreement[.]" If so, the claimed invention is indisputably within the scope of the License Agreement.

The first question is whether the oven the Plaintiff modified in creating its combination smoker oven is a Product within the meaning of Article 1.1. In their Motion for Partial Summary Judgment, the Defendants assert that this is apparent from the established facts. The licensing agreement includes the following relevant provisions: (1) Article 11 of the License Agreement includes a no compete provision, providing that "Throughout the duration of this Agreement, neither Licensee nor any successor to Licensee shall purchase or manufacture hot-air-steamers, except for the Products." Thus, during the term of the agreement Plaintiff Alto-Shaam could manufacture and sell only Convotherm's combination ovens, also known as hot air steamers. (2) Article 2.3.1 provides that when marketing Products within the territory covered by the agreement (which was the only place Alto-Shaam could market the Products), Alto-Shaam shall do so "exclusively under the Trademark label." In this case the Trademark label is "Combitherm," as provided by Article 1.5. Article 2.3.1 also provides that the Combitherm trademark "shall be used exclusively for the Products." (3) Lastly, Article 9.2.1 provides that the "Licensee shall pay to Licensor a Royalty . . . on the Net Selling Price of all Licensed Products manufactured and sold by it throughout the duration of the Royalty Period."

According to the parties' respective motions, supporting briefs, responses, replies, and the record, these facts are undisputed: (1) Before the 1991 License Agreement, Alto-Shaam did not sell combination ovens, Alto-Shaam entered into the agreement in order to sell Convotherm's combination oven design. Hansen Dep. 100, Defs.' App. 1559. (2) The specific combination

oven modified by Alto-Shaam to create the prototype of their combination smoker oven was a Convotherm 7.14ML marked with the “Combitherm” trademark and the red “C” Convotherm trademark. *See* Defs.’ App. 3313, 983-84; Bartelick Dep. 85-89, Defs.’ App. 1852-53. The 7.14ML “was a Convotherm design based on the license agreement from 1991. The unit had the marking of the red C, the Convotherm/Alto-Shaam, the closed system and C, as well as the Combitherm name on the unit.” Bartelick Dep. 147:18-22, Defs.’ App. 1868. (3) The Plaintiff paid Convotherm royalties on all sales of the model ML units during the time period when the improvement was made, in 2003, and otherwise sold the ML units according to the License Agreement as a Product. Bartelick Dep. 24-26, Defs.’ App. 1837-38; Hansen Dep. 89:23-25-90:1-3, Defs.’ App. 1556-57. (4) After Plaintiff modified the Product by removing the boiler to create a boilerless system these new boilerless ovens were marketed in accordance with the licensing agreement and royalties were paid to Convotherm on sales of these units prior to the expiration of the license in 2004. *See* Hansen Dep. 89-91, Defs.’ App. 1556-57; Bartelick Dep. 24-26, Defs.’ App. 1837-38. (5) Likewise, while the License Agreement was in force, Mr. Hansen developed an atomizer to produce steam by spraying a fine water mist over the heating elements. Mr. Hansen applied for and received a patent for his atomizer. *See* U.S. Patent No. 6,188,045. The ‘045 Patent was disclosed to Convotherm because it fell within the ambit of the License Agreement. *See* Hansen Dep. 91:11-25, 92:1-6, Defs.’ App. 1556-57. (6) Lastly, Mr. Hansen acknowledges that the embodiment described in Column 8 of the patents-in-suit is substantially the Product licensed to Plaintiff by Convotherm, but modified to include the smoker assembly. *See* Hansen Dep. 94-95, Defs.’ App. 1558.

Based on these facts and in light of the provisions of the licensing agreement summarized above, there is no dispute that the prototype of Plaintiff Alto-Shaam’s invention, a closed system

combination smoker oven, was constructed from a Product within the meaning of the License Agreement. Moreover, as Mr. Janus Bartelick testified in his deposition, the Plaintiff modified this Product by installing a smoker assembly. Mr. Bartelick testified as follows:

Q. Okay. In your declaration when you say specially modified, what do you mean by that?

A. In this case, I can tell you that I used a Convotherm 7.14ML. And we removed the boiler, we added the boilerless technology, and we—for this case, we modified the smoking device which we again took direct out of the Alto-Shaam 767-SK and installed this in this unit. We placed a separate timer for the smoking element and the relay so we could turn the smoking element on at any time and—because we were not allowed to do any modification to the electronic of the unit based on our license agreement with Convotherm, so we had to find a different way to turn the smoking element on and off.

Q. Okay. So let's take this one step at a time. So when you created your prototype of the invention in the '668 patent, you started with a Convotherm model 7.14ML design?

A. This was a unit available, because based on cost, I cannot always build a complete prototype if I'm testing something, so I used existing used unit and modified it.

Q. Okay. And that used unit was a 7.14ML Convotherm design that Alto-Shaam had previously sold under the license agreement?

A. It was a boiler unit which . . . Alto-Shaam previously sold under the license agreement, and I modified it to be boilerless unit with the smoking device.

Bartelick Dep. 86-87:1-8, Defs.' App. 1853. There is no dispute that the Plaintiff added a smoking assembly from their 767-SK smoker oven to a 7.14ML, after removing the boiler and adding the boilerless technology. Both the 7.14ML and the boilerless 7.14iML were Products within the scope of the licensing agreement. Plaintiff does not and cannot dispute that adding a smoking assembly to this Product was an improvement or modification. Lastly, there is no dispute that this improvement or modification occurred during the term of the agreement, in

2003-2004. Accordingly, the Plaintiff's Combitherm combination smoker oven is an "invention, improvement or modification to the Products or their design or method of manufacture developed or made by or for Licensee throughout the duration of this Agreement[.]" The Court finds, on the basis of this evidence, that no finder of fact could reasonably conclude otherwise.

C. Statute of Limitations, Forfeiture, & Requirement of Good Faith

Plaintiff argues that Defendant Convotherm's breach of contract claim is barred by the relevant German statute of limitations, by a doctrine of forfeiture under German law, or alternatively by the German statutory requirement of good faith.

The Plaintiff contends that the statute of limitations began to run on December 31, 2004, and expired on December 31, 2007, after Plaintiff informed Convotherm on May 22, 2004 that it was developing a combination oven with a smoking capability and showed Convotherm a working model of the oven at a trade show. Plaintiff's implication is that Convotherm had an affirmative duty to assert its license to use the Plaintiff's oven at this time. However, the Plaintiff does not direct the Court to any such duty or obligation in the License Agreement or elsewhere. Rather, the actual breach of the License Agreement, as pled by Convotherm, is the Plaintiff's filing of this lawsuit for patent infringement. The lawsuit was filed on January 27, 2009. Thus, the statute of limitations under German law began to run on December 31, 2009 and will expire on December 31, 2012. Convotherm filed its counterclaim for breach of contract within four months, before the limitations period even began to run. Convotherm's counterclaim is not barred by the statute of limitations.

Next Plaintiff argues that "waiting almost five years to seek any remedy for any alleged breach of the License Agreement constitutes an inexcusable delay, particularly when, during this period, Convotherm knew that Alto-Shaam was developing its combination smoker oven and

Alto-Shaam continued to invest significant sums in the research, development, manufacture, and marketing of its combination smoker oven.” Pl.’s Br. Supp. Am. Mot. Summ. J. 64, ECF No. 125. According to Plaintiff, Convotherm’s activities in developing a combination smoker oven and a Convotherm employee’s offer to trade a Convotherm patent in exchange for the ‘668 Patent resulted in Convotherm’s forfeiture of any license it might have held to the Plaintiff’s invention. Again, this argument is based on Plaintiff’s assumption that Convotherm had a duty to assert its license to Plaintiff’s product when it learned the product existed. Plaintiff simply provides no basis for this assumption. The Court declines to hold that Convotherm forfeited its license granted by Article 5.1 of the License Agreement when it had no apparent duty to assert such license. Any reliance by Plaintiff on Convotherm’s actions, or lack thereof, up until the time that Alto-Shaam made explicit its position that Convotherm was not licensed to their invention was unreasonable. The License Agreement did not obligate Convotherm to take any action to assert its license. Rather, Alto-Shaam should have made its position known when it disclosed the invention to Convotherm in May 2004.

Lastly, Plaintiff claims that in “1991[] Convotherm represented to Alto-Shaam that ‘any new generation of appliances using different technology, e.g. gas-fired steam generation or application of other forms of energy’ would not be subject to the License Agreement. Alto-Shaam relied on that representation . . . [in developing] a new generation of appliance using different technology.” As discussed at length *supra*, the Plaintiff’s interpretation of Article 1.1 of the License Agreement is erroneous. Therefore, even assuming that Plaintiff’s combination smoker oven is a new generation of appliance using different technology, Convotherm could not have unexpectedly changed position in asserting its contractual rights only when Plaintiff explicitly took a position contrary to Convotherm’s license provided by Article 5.1 of the

License Agreement. Moreover, the License Agreement did not obligate Convotherm to take any action to assert its license. Therefore, Convotherm's breach of contract counterclaim is not barred by the statute of limitations, forfeiture, or on the basis of the German statutory requirement of good faith.

D. Breach

Article 12.1 of the licensing agreement provides for indemnification from the Licensee to the Licensor for "any breach by Licensee of any representation, warranty or agreement of Licensee contained in this Agreement[.]" Defendant Convotherm, as counter-plaintiff, claims that Plaintiff Alto-Shaam, as counter-defendant, has breached Article 5.1 of the agreement by filing suit for patent infringement against Convotherm rather than recognizing Convotherm's license to use the invention disclosed by the patents-in-suit. The Federal Circuit has held that "a non-exclusive patent license is equivalent to a covenant not to sue." *Transcore, LP v. Elec. Transaction Consultants Corp.*, 563 F.3d 1271, 1275 (Fed. Cir. 2009). The fact that Plaintiff has sued Convotherm for patent infringement is beyond dispute. However, Convotherm has not moved for summary judgment to establish its breach of contract counterclaim as a matter of law. Nonetheless, the Court has found, as a matter of law, that Defendant Convotherm is licensed to the invention disclosed by the '668 and '173 Patents and that Convotherm's breach of contract claim is not barred by the statute of limitations, doctrine of forfeiture, or violation of the statutory requirement of good faith or waiver under German law.

Therefore, the only issues remaining for trial in this case are whether Plaintiff and counter-defendant Alto-Shaam's conduct in filing this lawsuit, in spite of Convotherm's license to use the invention, improvement, or modification to the Products created by Alto-Shaam, is in breach of Article 5.1 of the Licensing Agreement, and, if so, the amount of damages due to

Defendant and counter-plaintiff Convotherm as provided by Article 12.1 of the Licensing Agreement. Accordingly, the parties should be ready for trial on these issues beginning at 10:00 AM on Wednesday, March 2, 2011. The Court will set a Pretrial Hearing by separate order.

VII. CONCLUSION

For the reasons set forth above, the Court finds, by clear and convincing evidence, that Claim 11 of the '668 Patent and Claim 1 of the '173 Patent are invalid because they are not patentable under 35 U.S.C. § 103. In the alternative, the Court finds that Defendant Convotherm is licensed to use the invention described by the asserted claims of the '668 and '173 Patents. Accordingly, Defendants Cleveland Range's and Convotherm's Motion for Partial Summary Judgment, ECF No. 131, is hereby **GRANTED, IN PART**, and the remainder is hereby **DENIED**, as moot.

For the reasons set forth above, the Court has found that the asserted claims of the patents-in-suit are invalid under 35 U.S.C. § 103. Moreover, the Court has found that Defendant Convotherm is licensed to use the invention described by the patents-in-suit and that Defendant Convotherm's counterclaim for breach of contract is not barred. Accordingly, Plaintiff Alto-Shaam's Amended Motion for Summary Judgment and Motion for Permanent Injunction, ECF No. 124, is hereby **DENIED**.

Defendant Convotherm's counterclaim for breach of contract will proceed to trial, as described above.

SO ORDERED on this **16th** day of **February, 2011**.


Reed O'Connor
UNITED STATES DISTRICT JUDGE