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UPC dismisses infringement claim for network switches

Lionra Technologies Ltd. v Cisco Systems GmbH and Cisco Systems, Inc. (UPC_CFI_58/2024 relating to EP2201740B1)

Decision of 19 February 2025 (ORD_65550/2024 [1])

This Decision from the Hamburg Local Division relates to EP2201740B1. The Claimant, Lionra Technologies Ltd. (“Lionra”), requested that the defendants, Cisco Systems GmbH and Cisco Systems, Inc. (“Cisco”), refrain from selling and distributing products that are part of the Cisco Catalyst 9600 family, on the grounds that the products allegedly infringed EP2201740B1 (only validated in Germany).

By Order of 20 November 2024, the Court decided to hear the revocation counterclaim by Cisco (ORD_48185/2024) together with the infringement action. The Court found that the network switches from the Cisco Catalyst 9600 family did not infringe the patent and ordered Lionra to pay the costs for the infringement action. The unsuccessful revocation counterclaim from Cisco resulted in the Court ordering Cisco to bear the legal costs associated with the revocation counterclaim.

Entitlement

Cisco challenged Lionra’s ownership of the patent. The transfer of the patent from Harris Global Communications Inc. to Lionra was registered at the German Patent and Trade Mark Office on 16 March 2023. The Court referred to the 10x Genomics, Inc. v. Curio Bioscience Inc. Decision of April 2024 UPC_CFI_463/2023 [2], stating that the burden of proving Lionra’s lack of entitlement to the patent laid with Cisco.

Cisco alleged that the patent was not effectively transferred from Harris Corp. to Harris Solutions NY, Inc. as part of the purchase agreement of 27 January 2017 that was provided by Lionra.

The Court stated that entries in a public register kept by an administrative authority convey a presumption of correctness (BeckOK PatR/Otten- Dünneberger, 13th ed. 25 July 2019, PatG Section 30 para. 12). Therefore, the entry in the patent register holds a significant effect in the assessment of ownership of the patent (BGH, Judgement of 7 May 2013 - X ZR 69/11, GRUR 2013, 713, para. 59 - Fräsverfahren).

The Court decided that there was no conclusive evidence supporting Lionra's lack of entitlement to the patent, as a change of ownership from Harris Corporation to Harris Global Communications, Inc. was noted in the extract from the register of the German Patent and Trade Mark Office. The transfer within the affiliated companies in 2017 was presumed to be valid.

Cisco also alleged that the 2021 transfer of ownership from Harris Global Communications Inc. to Lionra was not effective as a purchase price was not paid. The Court dismissed Cisco's allegations as they were deemed to be purely speculative in the absence of any further evidence.

Request for revocation

Cisco argued that the claims of the patent lacked inventive step over the prior art. Cisco's argument was unsuccessful, since none of the prior art documents disclosed a direct memory access (DMA) device which executes the write operations in parallel without switching on the CPU.

The Court decided it would have not been obvious for the skilled person to add a DMA device according to the teachings of the patent. Accordingly, the Court decided that Cisco's counterclaim for revocation was unfounded.

Alleged infringement

Lionra argued that the Catalyst 9600 series switches indirectly infringed claim 1 of the patent and directly infringed claim 6 of the patent.

Cisco denied infringement arguing that the Catalyst 9600 series switches did not realise features of claim 1 that could be interpreted as involving a DMA device due to the lack of memory storage control logic of the Ingress First-In First-Out (FIFO) elements present in the attacked network switches. Lionra on the other hand argued that the Ingress FIFO elements should be considered as DMA devices.

Cisco argued that the presence of a simple data line followed by a control unit (or parser) does not make an ingress FIFO a DMA device. According to Cisco, the parser results in a delay by a factor of 10 (which Lionra did not dispute). Cisco argued that the additional delay caused by the parses was contrary to the objective of the teachings of the patent.

The Court decided that Cisco's products did not infringe the patent.

Decision

The infringement action was therefore dismissed. In relation to costs, the Court took into account that Lionra was unsuccessful in its entirety with regard to the allegations of infringement, but Cisco was unsuccessful with regard to the revocation action. Lionra indicated € 1,500,000 as the amount in dispute for the infringement action, without any objection being raised by Cisco.

The Court decided that the value in dispute for the revocation action could be 50% greater than for the infringement action pursuant to section I. 2. b) (2) (ii) the "Guidelines of the Administrative Committee for the determination of court fees and the upper limit for recoverable costs of 24 April 2023" (cf. Art. 36 para. 3 UPCA, Rule 370.6 RoP). The revocation counterclaim was therefore valued at € 2,250,000 and the proceedings as a whole at € 3,750,000.

Cisco's request to be award with a provisional reimbursement of costs for the infringement and revocation counterclaim was not granted pursuant to Rule 150.2 RoP.

The Court dismissed Lionra's infringement action, Cisco's revocation counterclaims, and ordered Lionra and Cisco to pay 40% and 60% of the costs of the proceedings respectively.

[1] <https://www.unified-patent-court.org/en/node/60585>

[2] <https://www.unified-patent-court.org/en/node/616>

[3] https://eip.com/global/latest/article/should_a_stay_be_ordered/