

Delay in Kodak patent case against Apple, RIM(3)

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A federal agency said Thursday it will spend an extra week reviewing Eastman Kodak Co.'s potentially lucrative patent claim against tech giants Apple Inc. and Research in Motion Ltd.

The U.S. International Trade Commission, which oversees trade disputes, had been expected to issue a ruling Thursday but put off completing its investigation until June 30. It gave no further explanation.

A favorable ruling for Kodak could force the smartphone giants into licensing deals worth hundreds of millions of dollars.

Rochester-based Kodak filed suit in January 2010. Its 2001 image-preview patent, it contends, was infringed by iPhone behemoth Apple, of Cupertino, California, and Canada-based Research in Motion, maker of the BlackBerry.

It is trying to negotiate a licensing deal that CEO Antonio Perez estimates could be worth up to \$1 billion.

The commission can order Customs to block imports of products made with contested technology. It is seen as a fast-track mediator that typically resolves disputes within 18 months. Its rulings often result in swift payment deals.

Kodak has tenaciously protected its intellectual property. It has amassed 11,000 patents, more than 1,000 of them in digital imaging. The technology is viewed as critical to the 131-year-old company's survival in the digital age.

"They regard intellectual property as a key business ... and they feel getting paid for it is a key competency," said James Kelleher, director of research at Argus Research in New York.

Kodak accumulated \$1.9 billion in intellectual-property revenue between 2008 and 2010. Even setting aside any payments it can extract from Apple and RIM, it expects to pick up an average of \$250 million to \$350 million a year from its patent portfolio through 2013.

In 2009, the trade agency ruled that South Korean mobile phone makers Samsung Electronics Co. and LG Electronics Inc. infringed the same Kodak patent, which centers on a method for extracting a still image while previewing it in the camera's LCD screen.

Kodak drew a one-time \$550 million royalty payment from Samsung and a \$414 million from LG Electronics. It has licensed digital-imaging technology to about 30 companies, including mobile-device makers such as Motorola Inc. and Nokia Corp.

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Relying on its rich array of inventions for repeated cash infusions has become an indispensable tactic driven in large part by Kodak's long and painful digital turnaround.

Since 2004, Kodak has reported only one full-year profit — in 2007 — and expects another annual loss this year before crossing back to profitability sometime in 2012. It has trimmed its work force to 18,800 from 70,000 in 2002.

The maker of cameras, film and printing technology is investing heavily in four growth businesses — workflow software, packaging, home inkjet printers and high-speed inkjet presses. Through 2013, it expects that revenue will reach nearly \$2 billion, accounting for 25 percent of all revenue.

Kodak shares rose 7 cents, or 2 percent, to close at \$3.57 on Thursday amid a broader sell-off on Wall Street. The stock is trading in a 52-week range of \$2.75 to \$5.95.

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