Ruling awaited in Kodak patent battle with Apple

The Associated Press

After years of wading through a tide of red ink, Eastman Kodak Co. is nearing the end of a potentially lucrative patent fight with tech giants Apple and Research in Motion Ltd.

The U.S. International Trade Commission in Washington is expected to issue a ruling Thursday on Kodak's complaint that its 2001 image-preview patent was infringed by iPhone behemoth Apple Inc., of Cupertino, Calif., and Research in Motion, maker of the BlackBerry.

Kodak, based in Rochester, N.Y., filed suit in January 2010 and is now trying to negotiate a licensing deal that CEO Antonio Perez estimates could be worth up to $1 billion.

The federal agency 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 critical to the survival of the 131-year-old company 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, based in Canada, 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.

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.

Kodak 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.

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