Kodak patent ruling delayed amid cash worries

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A U.S. arbiter for trade disputes is delaying a ruling on Eastman Kodak Co.'s high-stakes patent-infringement claim against smartphone makers Apple Inc. and Research in Motion Ltd.

The embattled photography pioneer is trying to negotiate a licensing deal it estimates could be worth up to $1 billion.

An administrative judge overseeing the two-year dispute at the U.S. International Trade Commission set a new target date of Sept. 21, 2012. The commission in Washington, D.C., had previously expected to issue a final decision by Dec. 30.

A favorable ruling would be a boon to Kodak. Pummeled by Wall Street over its dwindling cash reserves — and its stumbling attempts to reinvent itself as a profitable player in digital imaging and printing — the company warned last month it could run out of cash in a year if it doesn't raise new financing or sell assets.

Since July, Kodak has been hawking 1,100 digital-imaging patents that many financial analysts think might fetch $2 billion to $3 billion.

The Wall Street Journal, quoting unidentified people familiar with the matter, reported Monday that Kodak is running into hurdles selling those patents and borrowing more money. Would-be buyers are nervous about buying assets from a company at risk of filing for bankruptcy protection, and hedge funds are offering less than the $900 million in financing Kodak initially expected, the newspaper said.

Kodak shares sank 16 cents, or 19.9 percent, to close at 67 cents Monday. Shares are down 88 percent in 2011.

Still, Kodak maintains it's making progress on both fronts.

"We have received several financing proposals, including from second-lien bondholders, and we have a very active and robust bidding process for the IP (intellectual property) portfolio," spokesman Gerard Meuchner said Monday.

Meanwhile, the nine-month extension in the ITC patent case will allow Judge Thomas Pender to examine new expert testimony from RIM about how its BlackBerry products don't infringe on Kodak patents and address legal issues raised by Kodak.

Calls to RIM, of Waterloo, Canada, and iPhone maker Apple, of Cupertino, Calif., were not immediately returned. Kodak said the extension was "an appropriate amount of time."

After failed negotiations, Kodak filed a complaint with the commission in January 2010, saying Apple and RIM's smartphone camera features infringe on image-preview technology it patented in 2001.

Patent cases can take years to resolve, and agreements over licensing and royalty payments often emerge. The commission, seen as a fast-track mediator that typically resolves disputes in 18 months, can order Customs to block imports of products made with contested technology.

Kodak's cash reserves shrank 10 percent to $862 million in the third quarter. In November, it set a year-end cash target of $1.3 billion to $1.4 billion that excludes any intellectual-property licensing deals, down from a previous forecast of $1.6 billion to $1.7 billion.

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