Kodak sues Apple, claiming interference in patent sales

Jonathan Stempel, Reuters

In a lawsuit filed on Monday in U.S. bankruptcy court in Manhattan, Kodak said Apple, the largest U.S. company by market value, wrongly claims to own 10 patents arising from work that the companies did together in the early 1990s.

Privately held FlashPoint Technology Inc also claims ownership through an assignment from Apple, which spun it off in 1996, and is also a defendant, Kodak said.

The patents include technology that helps camera owners preview photographs on LCD screens.

They are part of Kodak's digital-capture portfolio, which the company said includes more than 700 patents for devices such as digital cameras, smartphones and tablets, and has generated more than $3 billion in revenues since 2001.

Kodak said Apple is the largest infringer of patents in that portfolio, and also a potential purchaser of those patents.

"Apple's strategy has been to use its substantial cash position to delay as long as possible the payment of royalties to Kodak" and interfere with the sale, Kodak said.

"Apple and FlashPoint are seeking to benefit from Kodak's difficult financial position, which will be exacerbated if the debtors cannot obtain fair value for the patents."

Lawyers for Apple and FlashPoint did not immediately respond to requests for comment on Tuesday.

In a June 1 court filing, Apple said the dispute involves "an array of complex non-bankruptcy issues" that should be addressed in federal district court rather than bankruptcy court, and that Kodak was seeking an unfair "rush to judgment."

Kodak owns about 10,700 patents overall and has hired Lazard to help market the digital-capture portfolio and a digital-imaging portfolio, which includes more than 400 patents. It said more than 20 possible buyers have signed confidentiality agreements.

Patent sales are needed under terms of a $950 million loan that Kodak obtained to keep operating while in bankruptcy.

Last week, Kodak said it expected to auction the patents in early August, with a winning bidder announced by August 13.

Rochester, New York-based Kodak filed for Chapter 11 bankruptcy protection on January 19.

Apple is based in Cupertino, California, and FlashPoint is headquartered in Peterborough, New Hampshire.

The case is Eastman Kodak Co v. Apple Inc et al, U.S. Bankruptcy Court, Southern District of New York, No. 12-ap-01720.

The main bankruptcy case is In re: Eastman Kodak Co et al in the same court, No. 12-10202.

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