

# **Kodak Loses Major Patent Suit Against Apple, RIM**

Ben Dobbin, AP Business Writer

ROCHESTER, N.Y. (AP) — Eastman Kodak Co. lost a crucial opening round Monday in a high-stakes patent dispute over whether iPhones and BlackBerry camera phones infringe on its digital-imaging technology.

The U.S. International Trade Commission in Washington said in a preliminary ruling that Apple Inc.'s iPhones and Research in Motion Ltd.'s camera-enabled BlackBerry models do not violate Kodak's 2001 patent covering ways to preview digital images.

The federal agency's six commissioners can choose by a May 23 deadline to either alter the initial determination by Paul Luckern, its chief administrative law judge, or let it stand.

While the ruling appears to undermine Kodak's chances of negotiating royalty-paying deals with the two smart-phone makers, the Rochester-based picture-taking pioneer still expects to prevail.

The judge's recommendation "represents a preliminary step in a process that we are extremely confident will conclude in Kodak's favor," said Laura Quatela, Kodak's chief intellectual property officer.

"We fully expect the ITC commission will ultimately rule that the patent claim at issue is valid and infringed by Apple and RIM," Quatela added in a statement.

Cupertino, Calif.-based Apple declined to comment. There was no immediate comment from RIM

After failed negotiations with Apple and Canada-based RIM, Kodak filed its complaint a year ago with the commission, which oversees U.S. trade disputes. Kodak also filed two lawsuits against Apple in federal court in Rochester but did not specify damages it was seeking.

The 130-year-old company has amassed more than 1,000 digital-imaging patents, and almost all of today's digital cameras rely on that technology.

Kodak scored major patent-litigation triumphs against South Korea's Samsung Electronics Co. and LG Electronics Inc. last winter. After a yearlong tussle, the commission ruled that cell phones made by Samsung and LG Electronics infringed the same image-preview camera patent. Kodak negotiated a one-time, \$550 million royalty-paying deal with Samsung and a \$414 million deal with LG Electronics.

Kodak is leaning heavily on royalties from digital-camera inventions as it battles to

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remake itself into a powerhouse in digital photography and inkjet printing. It has licensed digital-imaging technology to about 30 companies, including mobile-device makers such as Motorola Inc. and Nokia Corp.

Patent cases can take years to resolve, and agreements over licensing and royalty payments often emerge. But the trade commission, which can order Customs to block imports of products made with contested technology, is seen as a fast-track mediator that typically resolves disputes in 12 to 15 months.

Shares of Kodak fell 31 cents, or 6 percent, to \$4.91 in after-hours trading Monday.

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