Kodak Revives Patent Battle Against Apple, Wants $1 Billion

Ben Dobbin, AP Business Writer

ROCHESTER, N.Y. (AP) — A federal agency said Friday that it will review Eastman Kodak Co.'s high-stakes patent-infringement claim against technology giants Apple Inc. and Research in Motion Ltd.

The U.S. International Trade Commission in Washington, D.C., agreed to examine a judge's finding in January that Apple's iPhone and RIM's BlackBerry don't violate an image-preview patent the photography pioneer obtained in 2001.

The decision revives Kodak's hopes of negotiating royalties worth $1 billion or more. The agency's six commissioners will decide by May 23 whether to alter the initial determination by its chief administrative judge, Paul Luckern, or let it stand.

Kodak spokesman Gerard Meuchner said "we are pleased with the decision and we look forward to the next step in the process."

The company has amassed more than 1,000 digital-imaging patents, and almost all digital cameras rely on that technology. Mining its rich array of inventions has become an indispensable tool in a long and painful turnaround.

That campaign was stalled by the recession, which began just after Kodak completed a three-year, $3.4 billion digital overhaul in 2007. Its payroll has plunged to 18,800 people, from 70,000 in 2002.

Kodak's shares jumped 27 cents, or 8.6 percent, to close at $3.40 Friday, then shot up 72 more cents to $4.12 in after-hours trading. They are trading in a 52-week range of $2.90 to $9.08.

Messages seeking comment from RIM were not immediately returned. An Apple spokeswoman said the company had no comment.

After failed negotiations, Kodak filed a complaint against Cupertino, Calif.-based Apple and Waterloo, Ontario-based RIM in January 2010 with the commission that oversees U.S. trade disputes. It also filed two lawsuits against Apple in federal court in Rochester, but it has not specified the damages it is seeking.

In December 2009, the commission ruled that cell phones made by Samsung Electronics Co. and LG Electronics Inc. infringed the same Kodak patent, and Kodak received a one-time $550 million royalty payment from Samsung and a $414 million deal was reached with LG Electronics.

The 131-year-old camera maker has said it expects to continue to generate an

average of between $250 million and $350 million annually through 2013 from licensing its digital technology. Over the last three years, it outpaced that figure, booking $1.9 billion in revenue.

Kodak has banked on replacing hefty profits it once made on film, with promising new lines of home inkjet printers and high-speed inkjet presses. It expects to generate its first profits from consumer printers this year and its commercial line is targeted to turn profitable in 2012.

Separately, ITC judge E. James Gildea issued an initial ruling in a dispute between Apple and Nokia Corp. on Friday, saying Apple did not infringe on five of Nokia's patents.

Nokia, the world's largest maker of cell phones, filed a complaint with the ITC in Dec. 2009, alleging Apple's iPods, iPhone and computers violate Nokia's intellectual property rights. At issue were key features found in Apple products, including aspects of user interface, cameras, antenna and power management technologies, Nokia said at the time. The company claimed that the technologies in question help cut manufacturing costs, reduce gadget size and prolong battery life.

The cell phone maker began its patent fight with Apple in October 2009, filing its first patent infringement claim against Apple in Delaware. Apple filed a countersuit, claiming Nokia was infringing on a variety of its patents.

Apple countersued Nokia in the U.S., and also filed a counter-complaint with the ITC.

Nokia has also filed patent lawsuits last year against Apple in Britain, Germany and the Netherlands.

Apple had no comment on Gildea's ruling. A spokeswoman for Nokia did not immediately respond to requests for comment.

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AP Technology Writer Rachel Metz in San Francisco contributed to this report.

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