

PEPPER HAMILTON LLP
Suite 1800
4000 Town Center
Southfield, Michigan 48075
Deborah Kovsky-Apap (DK 6147)
Telephone: 248.359.7331
Facsimile: 313.731.1572
E-mail: kovskyd@pepperlaw.com

COLE, SCHOTZ, MEISEL, FORMAN
& LEONARD, P.A.
Michael D. Warner, Esq. (*Pro Hac Vice*)
Warren A. Usatine, Esq.
900 Third Avenue, 16th Floor
New York, NY 10022
Telephone: (212) 752-8000
Facsimile: (212) 752-8393
Email: mwarner@coleschotz.com
Email: wusatine@coleschotz.com
Co-Counsel for FlashPoint Technology, Inc.

PEPPER HAMILTON LLP
19th Floor, High Street Tower
125 High Street
Boston, MA 02110-2736
William D. Belanger
Email: belangew@pepperlaw.com
Telephone: 617.204.5101
Todd A. Feinsmith
Telephone: 617.204.5145
Email: feinsmith@pepperlaw.com
Lana A. Gladstein
Telephone: 617.204.5129
Email: gladsteinl@pepperlaw.com
Counsel for FlashPoint Technology, Inc.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re: EASTMAN KODAK COMPANY, et al.,)	Chapter 11
Debtors.)	Case No. 12-10202 (ALG)
)	(Jointly Administered)
EASTMAN KODAK COMPANY, Plaintiff/Counterclaim-Defendant,)	
v.)	Adv. Proc. No. 12-01720 (ALG)
APPLE INC. AND)	
FLASHPOINT TECHNOLOGY, INC., Defendants/Counterclaim-Plaintiffs.)	
)	

**FLASHPOINT TECHNOLOGY, INC.’S OPPOSITION TO EASTMAN KODAK
COMPANY’S RENEWAL OF ITS MOTION FOR SUMMARY JUDGMENT**



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Defendant/Counterclaim-Plaintiff FlashPoint Technology, Inc. (“FlashPoint”) respectfully submits this memorandum in opposition to Plaintiffs/Counterclaims-Defendants’ Eastman Kodak Company’s et al. (“Kodak”) Renewal of its Motion for Summary Judgment (“Renewal”).¹ In support of its opposition, FlashPoint states as follows:

I. BACKGROUND

On August 1st, 2012, this Court issued a Memorandum of Opinion (the “Opinion”) granting-in-part and denying-in-part Kodak’s motion for summary judgment. (Adv. Dkt. No. 49). Of the thirteen patents claimed by FlashPoint, the Court granted summary judgment as to five patents,² leaving eight patents as not having been time-barred. Apple also claims ownership of five of the eight patents. These include: U.S. Patents 6,879,342 (the “342 Patent”), 7,210,161 (the “161 Patent”), 7,453,605 (the “605 Patent”), 7,742,084 (the “084 Patent”), and 7,936,391 (the “391 Patent”) (the “Jointly Disputed Patents”). The remaining three patents are only claimed by FlashPoint. These include: U.S. Patents 6,288,743 (the “743 Patent”), 6,542,192 (the “192 Patent”) and 7,508,444 (the “444 Patent”) (the “Additional Disputed Patents” and together with the “Jointly Disputed Patents,” the “Disputed Patents”).

On August 17, 2012, Kodak renewed its Motion for Summary Judgment with regards to the Disputed Patents. The main thrust of Kodak’s Renewed Motion is the same argument that this Court considered and rejected in the original Motion for Summary Judgment; namely, that FlashPoint should be “...charged with constructive knowledge of all of Kodak’s digital imaging

¹ FlashPoint’s memorandum is supported by the Supplemental Declaration of Stanly B. Fry (“Supp. Fry Decl.”) and FlashPoint’s Rule 56.1 Statement of Supplemental Facts in Opposition of Summary Judgment and FlashPoint’s Statement of Additional Facts. FlashPoint’s Opposition (Dkt. 21), Declaration of Stanly B. Fry (Dkt 21-1) and exhibits attached thereto, FlashPoint’s Rule 56.1 Counter-Statement of Facts in Opposition of Summary Judgment (Dkt.) and FlashPoint’s Statement of Additional Facts, and the Declaration of Lana A. Gladstein (Dkt. 21-13) and exhibits attached thereto (Gladstein Decl.) are incorporated herein by reference in their entirety.

² These five patents, U.S. Patents 6,441,854, 6,292,218, 6,147,703, 5,828,406, & 5,493,335, are subject to a Notice of Appeal filed by FlashPoint (*see* Adv. Dkt. No. 65), and so will not be addressed in the present opposition.

patents or patent applications as they become available.” Opinion at 22. As this Court pointed out correctly in its original Opinion, this assertion is overly broad and should be rejected.

Kodak’s renewed motion misinterprets the Court’s Opinion and the underlying law and misstates key facts. Accordingly, Kodak’s Renewal should be denied in its entirety.

II. ARGUMENT

Summary judgment under Federal Rule of Civil Procedure 56, applicable to these proceedings through Bankruptcy Rule 7056, is appropriate “if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). *See also D’Amico v. City of New York*, 132 F.3d 145, 149 (2d Cir. 1998) (“[S]ummary judgment is appropriate where there exists no genuine issue of material fact and, based on the undisputed facts, the moving party is entitled to judgment as a matter of law”); *GlobalNet Financial.com, Inc. v. Frank Crystal & Co.*, 449 F.3d 377, 381 (2d Cir. 2006); *Morenz v. Wilson-Coker*, 415 F.3d 230, 234 (2d Cir. 2005). When deciding if a genuine issue of material fact exists, courts should interpret all ambiguities and draw all factual inferences in favor of a nonmoving party. *Salahuddin v. Goord*, 467 F.3d 263, 272 (2d Cir. 2006). Moreover, the Federal Circuit has made clear that “at all times, the [proponent] bears the ultimate burden of persuasion of the affirmative defense of laches.” *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020, 1038 (Fed. Cir. 1992). The evidence presented by Kodak fails to meet these standards and, accordingly, its motion should be denied.

A. Flashpoint’s Inventorship And Ownership Claims Fall Safely Within The Relevant Statute Of Limitations And Avoid A Presumption Of Laches

None of the Disputed Patents are time-barred by either the relevant statute of limitations or the doctrine of laches. As described in more detail in FlashPoint’s Opposition to Eastman

Kodak Company's Motion for Summary Judgment³ (Adv. Dkt. No. 21), there is no dispute that FlashPoint received notice of its potential ownership claims in one of the Disputed Patents for the first time in August of 2010. (Gladstein Decl. Ex. A (Adv. Dkt. No. 21-14), Lynch Tr. 157:13 – 159:3; 160:10 – 14). Upon receiving notice of its potential ownership and inventorship claims, FlashPoint promptly proposed a standstill agreement, which was accepted by Kodak as of September 21, 2010. (Fry Decl. (Adv. Dkt. No. 21-1) at ¶ 29). FlashPoint contends that this standstill agreement continued in effect until Kodak entered Chapter 11 bankruptcy proceedings on January 19, 2012, although there is some disagreement among the parties on this point.⁴

FlashPoint raised its ownership claims at the March 8, 2012 hearing before this Court (Dkt. No. 599 at 38-39) and asserted its ownership of the Disputed Patents by counterclaims on June 25, 2012. (FlashPoint's Answer, Affirmative Defenses, Counterclaims, and Cross-Claims ("FlashPoint's Answer") (Adv. Dkt. No. 5-1)). As a result, in view of the sixteen (16)-month long standstill agreement maintained by FlashPoint, the total time that lapsed between FlashPoint's becoming aware of its claims in August 2010 and its filing suit to assert them in June 2012 was less than six (6) months. Under the shorter, six-month, standstill period asserted by Kodak, the time from notice to FlashPoint's filing suit is sixteen (16) months. Neither time period implicates the statutes of limitations nor creates a presumption of laches. Kodak's Renewal should be denied on these grounds alone.

³ FlashPoint incorporates by reference as if fully set forth herein the complete record of its original opposition to Kodak's summary judgment motion, including, among other things, the Declaration of Lana Gladstein ("Gladstein Decl.") (Adv. Dkt. No. 21-13) and the Declaration of Stanley B. Fry (Adv. Dkt. No. 21-1).

⁴ Kodak's assertion that the standstill agreement lapsed on March 8, 2011, and that any further extension of the agreement was only between Apple and FlashPoint, is incorrect. *See* Kodak's Motion and Memorandum of Law in Support of its Motion for Summary Judgment (Adv. Dkt. No. 10 at 13 n.9). For the analysis that follows however, the result is generally immaterial. Under Kodak's view, the standstill agreement lasted from September 21st, 2010 to March 8, 2011, for a total of about 5.5 months (the "shorter standstill"). Under FlashPoint's recollection, the standstill agreement was in place from September 21st, 2010 to January 19th, 2012, for a total of about 16 months (the "longer standstill"). This creates a roughly 10-month discrepancy between FlashPoint and Kodak's assertions of standstill.

Even if this Court decides that FlashPoint was on notice as soon as the Disputed Patents issued – and, as explained below, FlashPoint believes it should not – the majority of the Disputed Patents survive. A presumption of laches occurs when more than six years has passed since the plaintiff knew or should have known of the issuance of a patent he or she claims ownership of. *See Advanced Cardiovascular Systems, Inc. v. Hess*, 988 F.2d 1157, 1163 (Fed. Cir. 1993). The longest statute of limitations at issue here is four years for breach of contract. *See* Cal. Civ. Proc. Code § 337(1) & FlashPoint’s Answer (Adv. Dkt. No. 5-1 at 29). At the very outset, therefore, any patent issued after June 25, 2008 falls within at least some statutes of limitations for the state law claims, and no presumption of laches can apply to any patent issued after June 25, 2006.

If no standstill time is accounted for, at least four of the Disputed Patents fall within the statute of limitations above: the ‘605 Patent was issued on November 8, 2008, the ‘084 Patent was issued on June 22, 2010, the ‘391 Patent was issued on May 3, 2011, the ‘444 Patent was issued on March 24, 2009.⁵ Additionally, the ‘161 Patent was issued on April 24, 2007, which places it out of the four year statute of limitations period, but within the period preventing a presumption of laches. Furthermore, if the longer standstill period is applied, two more of the Disputed Patents are implicated. If the sixteen-month standstill period is added (that is sixteen months prior to June 25, 2008 is February 25, 2007), the ‘161 Patent falls within the required statute of limitations period. Similarly, if the longer standstill period is applied to the ‘342 Patent, issued on April 12, 2005, a presumption of laches will not apply (sixteen months prior to

⁵ Notably, Kodak’s Chief Engineer, Joseph Ward (who was also the designee for Joel Proegler) is the first-named inventor on the 605, ‘084, ‘391, ‘161 Patents. Joseph Ward participated in the joint development efforts between Kodak and FlashPoint and signed the “Change Order Forms” for Kodak, which memorialized “joint determination of ownership of Inventions associated” with Feature pursuant to the Sections 4.2 and 4.3 of the January 1, 1997 Development Agreement, discussed *infra*. Neither Mr. Ward, nor anyone else at Kodak, ever informed Flashpoint that they believed Kodak owned the subject matter of the ‘605, ‘084, ‘391, ‘161 Patents.

June 25, 2006 being February 25, 2005). Thus, the ‘605, ‘084, ‘391, ‘444, ‘161, and ‘342 Patents are outside the scope of the statute of limitations or the presumption of laches.

B. This Court Should Reject Kodak’s Invitation To Apply A Constructive Notice Standard When Analyzing Flashpoint’s Inventorship Or Ownership Claims

Several times in its Renewal, Kodak asserts that this Court should apply a constructive notice standard. In large part, these arguments were already put forward in the previous summary judgment briefing and found unconvincing.⁶ To the extent that they have not already been addressed, the Court should refuse to apply constructive notice to the inventorship and ownership claims in this case, for the reasons explained in *Advanced Cardiovascular Systems, Inc.*, 988 F.2d 1157 (Fed. Cir. 1993) (“ACS”).⁷ See also *St. John's Univ. v. Bolton*, 757 F. Supp. 2d 144, 189 (E.D.N.Y. 2010).

In *ACS*, ACS sued SciMed Life Systems (“SciMed”) for infringement of a patent related to a balloon dilation catheter used in the treatment of cardiovascular disease. *Id.* at 1159. During the course of discovery, SciMed contacted Robert L. Hess, who had assisted in developing the patented technology, and eventually Hess moved to intervene in the litigation and sought a declaration of joint inventorship. *Id.* at 1160. The district court dismissed his claim, deciding that Hess had been on constructive notice of the patent in question at the time it was issued and that Hess’ inventorship claims were thus time barred. *Id.*

In reversing the district court, the Federal Circuit made several salient points. While these arguments arose in the context of a patent’s publication through issuance, the sweeping

⁶ See, e.g., Opinion at 36 (finding FlashPoint was on inquiry notice with regards to the five dismissed patents because they had been cited as prior art in FlashPoint’s own patent applications).

⁷ Kodak cites one case in support of its assertion that it “is only required to establish that Apple and FlashPoint had ‘actual or constructive knowledge of an act that gives rise to a legal claim.’”: *Serdarevic v. Advanced Medical Optics, Inc.*, No. 06 Civ. 7107, 2007 U.S. Dist. LEXIS 70419, at *14 (S.D.N.Y. Sept. 25, 2007), aff’d, 532 F.3d 1352 (Fed. Cir. 2008). In that case, however, the claimant had actual notice of the patents-in suit, some eight years before filing suit, *id.* at *16, but apparently failed to pursue her claims because she was unable to find counsel agreeable to her, *id.* at *18. Compare *Intirtool, Ltd. v. Texar Corp.*, 369 F.3d 1289, 1297-98 (Fed. Cir. 2004).

language and the reasoning of *ACS* are applicable here. First, the court noted that while certain other provisions of patent law involve constructive notice (e.g., patent marking and the provision for recording patent assignments), “to establish laches against an unnamed inventor the period of delay *can not start* while the potential claimant remains ignorant that a cause of action has arisen.” *Id.* at 1162 (emphasis added). Relying on the Supreme Court, the Federal Circuit said that “[t]here must, of course, have been knowledge on the part of the plaintiff of the existence of the rights, for there can be no laches in failing to assert rights of which a party is wholly ignorant, and whose existence he had no reason to apprehend.” *Id.* quoting *Halstead v. Grinnan*, 152 U.S. 412, 417 (1894). Instead, a claimant must have actual notice or “the facts already known by him [must be] such as to put upon *a man of ordinary intelligence* the duty of inquiry” *ACS*, 988 F.2d at 1162 quoting *Johnston v. Standard Mining Co.*, 148 U.S. 360, 370 (1893) (emphasis added). Constructive notice, the court stated, “is not an appropriate substitute for the determination of reasonableness or excuse for delay.” *ACS*, 988 F.2d at 1162. If such a standard was applied, “an erroneously omitted inventor could be barred from remedy before he or she learned of the existence of the patent.” *Id.* Such a test for when the period of delay for purposes of laches commences, the court concluded, is not only proper but also consistent with Section 256, which places no time limit to correct inventorship. *Id.*

Kodak and FlashPoint had a longstanding relationship as collaborating, non-competing partners. (Fry Supp. Decl. at ¶¶ 3-9). During the course of that relationship, the parties also had a practice of disclosing confidential information to each other, which created significant trust between them. (Fry Supp. Decl. at ¶ 6) Based on the foregoing, Kodak has presented no evidence and provided no reason why “a man of ordinary intelligence” would have had a duty of

inquiry prior to the time that Kodak admittedly put FlashPoint on notice of its ownership claims in August 2010.

To the extent that Kodak claims that FlashPoint was put on constructive notice of children in the same patent family through the subpoenas issued in the Sony litigation, its argument should also be rejected.⁸ If FlashPoint would not have been on constructive notice of the **issuance** of one of the Disputed Patents, as held by *ACS*, it should not be found to have been put on notice by the receipt of a subpoena directed towards unrelated patents that happen to be in the same family of certain Disputed Patents, when those Disputed Patents themselves had not yet issued.

C. No Duty Of Inquiry Existed That Would Have Required Flashpoint To Investigate The Ownership Of The Disputed Patents

In a desperate attempt to have FlashPoint's ownership claims dismissed as time-barred, Kodak improperly conflates its arguments against FlashPoint with Apple and advances an untenable duty of inquiry theory. Kodak provides no evidence why or how the alleged evidence of notice to Apple has any bearing of notice to FlashPoint. Under the applicable case law, questions of inquiry, which are of necessity fact-specific, have often been held as inappropriate for summary judgment. *See, e.g., St. John's Univ. v. Bolton*, 757 F. Supp. 2d 144, 193 (E.D.N.Y. 2010); *In re Integrated Resources*, 815 F. Supp. 620, 638 (S.D.N.Y. 1993) ("summary judgment on question of inquiry notice is warranted only in the extreme circumstances that the undisputed facts in the record allow the court to readily impute knowledge of a probable fraud . . . without having to assume the role of the jury and undertake a detailed deductive analysis of the factual record") (internal citations omitted).

⁸ *See* Renewal at 8.

Here, Kodak asserts that after receiving a third-party subpoena in 2005, FlashPoint should have been on inquiry notice of its ownership claims not only with respect to the patents asserted in that litigation, but also of all of the continuation and division applications of those patents, regardless of whether they had issued at the time. Kodak cites no authority on point for this proposition, instead arguing by analogy to cases cited by this Court holding that, in appropriate circumstances not applicable here, a claimant can be charged with knowledge of a patent before it is issued. Renewal at 8-9, 13-14. Moreover, while the 2005 subpoena pertained to a litigation involving the '335 and '218 patents, Kodak provides neither a reason why the subpoena would have triggered FlashPoint to investigate whether it has an ownership claim in those patents nor case law supporting such a proposition. Furthermore, the subpoena could not have put FlashPoint on inquiry notice of the '161 Patent, '084 Patent, '391 Patent, and '605 Patent, as those patents were not at issue in that litigation. This Court should reject Kodak's arguments as inapplicable and unsupported in the law.

As this Court properly noted, some courts have stated that under appropriate circumstances, such as where an inventor had actual notice of a patent application, the laches period may begin to run prior to the issuance of a patent. Opinion at 22. However, the date on which a patent is issued remains a "relevant" consideration in ownership cases. Opinion at 23. Compare *Aukerman*, 960 F.2d at 1032; see also *Bott v. Four Star Corp.*, 807 F.2d 1567, 1575 (Fed. Cir. 1986) & *Studiengesellschaft Kohle mbH v. Eastman Kodak Co.*, 616 F.2d 1315, 1325 (5th Cir.). The "appropriate circumstances" described above that would allow notice to precede the issuance of a patent are not present here. In support of its argument Kodak cites to three opinions, but each is readily distinguishable from the present case.

First, Kodak cites *Hor v. Chu*, 765 F. Supp. 2d 903 (S.D. Tex. 2011). While it is true that the court there found the claimants to have knowledge prior to the issuance of the patent, the facts of the case are exceptional. In *Hor*, the Plaintiff and the Intervener were originally students in the Defendant's lab and worked collaboratively with him on the technology that led to the patents in question over a period of twenty years. *Id.* at 906 & 912. Additionally, they were both involved in defending against the interference claim of a third student and during that defense both asserted that Chu (the Defendant) was the proper owner of the patent in question. *Id.* at 911-912. It was only when faced with these facts, and after determining that the issue was one of first impression in the Federal Circuit, *id.* at 914, the Court ruled against the Plaintiff and Intervenor with regards to notice, *id.* at 918. In the case at bar, it is uncontested that Kodak never informed FlashPoint of its patenting activities; it is also uncontested that the first time FlashPoint became aware of its potential ownership claim was in August 2010 and immediately commenced investigating its ownership claims. Consistent with the Federal Circuit's holding in *ACS*, there must be sufficient facts to give "a man of ordinary intelligence the duty of inquiry." *ACS*, 988 F.2d at 1162 quoting *Johnston v. Standard Mining Co.*, 148 U.S. at 370. Kodak provides no explanation why anyone in FlashPoint's shoes would be prompted to investigate patent ownership claims when served with a third-party subpoena.

Second, *Bd. of Trustee of Leland Stanford Jr. Univ. v. Roche Molecular Sys., Inc.*, 583 F.3d 832 (Fed. Cir. 2009), is clearly distinguishable from the present matter. In *Roche*, Roche and Stanford were previous scientific partners. After their collaboration ended, a Stanford employee gave a presentation to Roche in which Stanford offered to license certain technology to Roche that was based on their previous collaboration. *Id.* at 837-38. The presentation also asserted ownership over any patents that resulted from applications in the same family. *Id.*

According to the Court, this gave Roche “explicit notice that Stanford intended to secure additional patents to the same subject matter” *id.* at 847, and led to Roche’s claims being time-barred by the statute of limitations, *id.* at 848. This fact pattern is not present in FlashPoint’s case.

Finally, the facts of *Mahmood v. Research in Motion*, No. 11 Civ. 5345, 2012 U.S. Dist. LEXIS 8673 (S.D.N.Y. Jan. 24, 2012) are also meaningfully distinguishable from those here. In *Mahmood*, the Plaintiff claimed to be an inventor of technology embodied in a key patent for Research in Motion’s (“RIM”) Blackberry devices. Mahmood, a former RIM employee in the mid-1990’s, went so far as to contact Research in Motion to discuss his potential ownership of the patent in question in 2004. In preparing for the meeting Mahmood obtained and read the patent in question. Regardless, he was rebuffed by RIM’s request for further information substantiating his claims and failed to take further action until 2010. *Id.* at *2-7. The court found this delay unreasonable, especially after Mahmood had read parts of the patent he later claimed to own. *Id.* at *9, 12. Again, the facts of this case bear no relationship to those in *Mahmood*.

Although each of these cases differs from the present matter in a number of important respects, the most notable difference is that in each of these cases the plaintiff had *actual notice* of the patents or applications in question. In contrast, in the present case, Kodak claims without any case law support or basis whatsoever, that FlashPoint was put on notice through a subpoena from an unrelated litigation that obligated FlashPoint to investigate its ownership claims not only with respect to the two patents-in-suit in that litigation but also in the related patents.⁹ Renewal at 8. Kodak’s argument is flawed and should be rejected because Kodak provides no reason –

⁹ The ‘161 Patent, ‘084 Patent, ‘391 Patent, and ‘605 Patent are continuations applications from two applications in the Sony litigation—U.S. Patents 6,573,927 Patent and 6,784,924 Patent

and FlashPoint is not aware of any – why or how the 2005 subpoena would have prompted FlashPoint to investigate its ownership claims.

Likewise, the joint development efforts between Kodak and FlashPoint did not create a duty of inquiry on behalf of FlashPoint. As described in FlashPoint's Opposition to Kodak's Motion for Summary Judgment (Adv. Dkt. No. 21 at 5-6), in addition to the rights that FlashPoint inherited from Apple through the 1996 Apple-FlashPoint Technology Transfer, License and Development Agreement, FlashPoint entered into a number of other license and co-development agreements directly with Kodak. These agreements included Development Agreements of January 1, 1997 and November 5, 1998, a license agreement of March 17, 1997, as well as a License Agreement and Consulting Services Agreement on June 5, 2003. (Fry Decl. (Dkt. 21-1) at ¶¶ 13-16, 17-19, 20-21). Due to these numerous collaboration agreements, as well as the two companies' long standing, non-competitive relationship and their practice of disclosing confidential information to each other, significant trust and good will was built up between FlashPoint and Kodak. (Supp. Fry Decl. at ¶¶ 6-7). Kodak itself admitted that it was not until August 2010 that Kodak communicated with FlashPoint about FlashPoint's potential claim in the '218 patent. (Gladstein Decl. Ex. A (Adv. Dkt. No. 21-14), Lynch Tr. 157:13 – 159:3; 160:10 – 14). It was Kodak's request to assist it in connection with Apple's ownership claim that prompted FlashPoint to investigate its ownership claims, which it promptly did. (Fry Decl. (Dkt. 21-1) at ¶ 28). Until 2010, the parties' relationship was that of trust between development partners. (Fry Supp. Decl. at ¶¶ 6-7). Thus, until 2010, FlashPoint had no knowledge of the existence of its ownership rights in the Disputed Patents in order to be on inquiry notice. (Fry Supp. Decl. at ¶¶ 8-9).

Neither did the 2001 Analyst Report put FlashPoint on any duty of inquiry with regards to the Disputed Patents. This report, produced by FlashPoint during an ITC investigation, failed to create a duty to investigate FlashPoint ownership claims because under the January 1, 1997 and March 17, 1997 agreements, Kodak had licensed all of its patents to FlashPoint. (Fry Decl. (Dkt. 21-1) at ¶ 27). It is for this same reason that Kodak's patent enforcement activities did not put FlashPoint on notice of its potential ownership claims in the Disputed Patents. Moreover, the 2001 Analyst Report notes to the industry that anyone using FlashPoint's Digita® software is licensed under the Kodak patents. Kodak provides no evidence why the 2001 Analyst Report, especially in view of the explicit notice that FlashPoint's software is licensed under the Kodak patents, would prompt FlashPoint to investigate its ownership claims in the Kodak patents. Accordingly, the 2001 Analyst Report did not create a duty of inquiry on behalf of FlashPoint. For all of these reasons, FlashPoint did not have a duty of inquiry with regards to the Disputed Patents and Kodak's Renewal of its Motion for Summary Judgment should be rejected in its entirety.

D. The Doctrine of Equitable Tolling Precludes Kodak's Time-Bar Defenses

In view of Kodak's longstanding, collaborative relationship with FlashPoint and Kodak's failure to disclose its patent filings to FlashPoint, the doctrine of equitable tolling precludes Kodak from raising its time-bar defenses. *See Cerbone v. Int'l Ladies' Garment Workers' Union*, 768, F.2d 45, 48 (2d Cir. 1985) ("Under this doctrine, the statute does not begin to run until 'the plaintiff either acquires actual knowledge of the facts that comprise his cause of action or should have acquired such knowledge through the exercise of reasonable diligence after being apprised of sufficient facts to put him on notice.'") (internal citations omitted). FlashPoint was unaware of its causes of action until Kodak requested FlashPoint's help to rebut Apple's

ownership claims in one of the Disputed Patents in 2010. (Fry Decl. (Dkt. 21-1) at ¶¶27-30); Fry Supp. Decl. at ¶¶ 3-9).

Kodak never protested that it has had full appreciation of FlashPoint's ownership rights in the Disputed Patents prior to August 2010 when it sought FlashPoint's help to defeat Apple's ownership claims.¹⁰ Yet, Kodak chose to remain silent about those rights. (Gladstein Decl. Ex. A (Adv. Dkt. No. 21-14), Lynch Tr. 157:13 – 159:3; 160:10 – 14); *see also* (Fry Decl. (Dkt. 21-1) at ¶¶22-30). Kodak also never asserted any patent against FlashPoint (Lynch Tr. 135:5-7), which would have prompted FlashPoint to investigate various defenses, including an ownership defense. FlashPoint was unaware of the true state of the facts, and it is likely that Kodak's silence, despite their obligation to speak as long-term development partners, was intended to keep FlashPoint ignorant of all of its potential ownership rights. Thus, no statute of limitations or the presumption of laches can begin to run until "the plaintiff either acquires actual knowledge of the facts that comprise his cause of action or should have acquired such knowledge through the exercise of reasonable diligence after being apprised of sufficient facts to put him on notice." *Cerbone*, 768, F.2d at 48.

In short, Kodak's present assertion of time-bar defenses is inconsistent with its earlier conduct towards FlashPoint as its development partner and materially harms FlashPoint by depriving it of its property rights. As such, the Court should not only deny Kodak's motion but preclude Kodak from raising its time-bar defenses against FlashPoint.

¹⁰ FlashPoint has sought discovery from Kodak in connection with Kodak's motion for summary judgment, which Kodak did not provide and FlashPoint was not able to obtain. To the extent Kodak contests the facts asserted herein, FlashPoint, therefore, reserves the right and an opportunity to fully develop the facts in support of its equitable tolling argument.

E. No Statute Of Limitations And Laches Apply Because Kodak Transferred All Worldwide Ownership Rights, Title And Interest In The Disputed Patents To Flashpoint

Section 4.2 of the January 1, 1997 FlashPoint-Kodak Development Agreement is self-executing and vests “without reservation, all worldwide ownership rights, title and interest in and to the... patent rights” developed pursuant to the Agreement. (Fry. Decl. Ex. B (Adv. Dkt. No. 21-4) Thus, pursuant to Section 4.2, FlashPoint became owner of the Disputed Patents the moment they issued by the US PTO. *See Filmtec Corp. v. Allied-Signal, Inc.*, 939 F.2d 1568, 1572-73 (Fed. Cir. 1991) (finding contract self-executing in which inventor granted all rights in future inventions). Kodak cannot use the statute of limitations and laches to defeat FlashPoint’s ownership rights which Kodak unconditionally vested in FlashPoint by contract. *See* 5 C.J. 959-960 (“Where there has been an absolute assignment in good faith and for valuable consideration of the whole interest of the assignor in a chose of action, the assignor’s control over it ceases immediately after the assignment and notice, and he can do nothing thereafter to prejudice or defeat the rights of the assignee.”); *see also University of Texas Medical Branch v. Allan*, 777 S.W.2d 450, 453 (Tx. App. 1989) (“The assignor, after an unqualified assignment and notice to the obligor, generally loses all control over the chose and can do nothing to defeat the rights of the assignee.”) *citing* 6A C.J.S. *Assignments* at § 85, p. 734; 6 Am.Jur.2d *Assignments* § 112 pp. 294-295. Additionally, as described in Section D above, Kodak is equitably estopped from arguing statute of limitations and laches.

Section 4.2 of the Agreement is self-executing because it expressly grants to FlashPoint “without reservation, all worldwide ownership rights” in any future patent under the Agreement. The Federal Circuit has held that “an assignment of an expectant interest can be a valid assignment” which would vest in the assignee “an equitable title.” *See Filmtec Corp.*, 939 F.2d at 1572. Legal title would vest in the assignee, “once the invention is made and an application

for patent is filed,” at which point, the “assignor-inventor would have nothing remaining to assign.” *See id.* “The crucial consideration turns on whether the transfer was ‘expressly undertaken... at the time of the agreement,’ or whether it was left ‘to some future date.’” *Gellman v. Telular Corp.*, 449 Fed. Appx. 941, 944 (Fed. Cir. 2011). Here, Kodak’s express grant to FlashPoint “without reservation, [of] all worldwide ownership rights” in any future patent, contemplated that “no further act would be required once an invention came into being; the transfer of title would occur by operation of law.” *Filmtec Corp.*, 939 F.2d at 1573. Indeed, neither Section 4.2 nor any other section of the agreement requires any action by Kodak to effectuate or otherwise perfect FlashPoint’s ownership of the inventions and patents developed pursuant to the agreement. Since Section 4.2 does not require Kodak to take any further action, the transfer of title, therefore, has occurred by operation of law. *Id.* at 1573.

As such, Kodak’s Renewal should be denied as meritless because FlashPoint has been the owner of the Disputed Patents from the moment they were issued.

F. Kodak Has Not Suffered Any Material Prejudice From Any Alleged Delay

As stated in FlashPoint’s opposition to Kodak’s initial motion for summary judgment on the issues of laches and statute of limitations (Adv. Dkt. No. 21 at 18-19), Kodak has not adduced any economic or other evidence to show material prejudice. Kodak’s Chief Intellectual Property Officer and Deputy General Counsel has already admitted that other than the general belief based on his general experience that an inventorship claims create “a cloud on ownership” and thus may “have an impact on the value” that potential buyers perceive, he had no specific information regarding any prejudicial impact on Kodak. (Gladstein Decl., (Adv. Dkt. No. 21-14) Lynch Tr. 174:12 – 24). Thus, Kodak cannot demonstrate any alleged material prejudice resulting from any alleged delay in FlashPoint’s bringing its inventorship claims. The Federal Circuit has stated repeatedly that “[f]orfeitures [of property rights] are never favored. Equity

always leans against them, and only decrees in their favor when there is full, clear and strict proof of a legal right thereto.” *See Advanced Cardiovascular Sys.*, 988 F.2d at 1163 *quoting Henderson v. Carbondale Coal & Coke Co.*, 140 U.S. 25, 33 (1891). Because Kodak failed to show the prejudice element of its defense of laches, as confirmed by its own witness, Kodak’s motion should be denied.

G. Questions of material fact remain regarding how difficult it would have been for FlashPoint to discover their ownership and inventorship claims

As Kodak has failed to establish that FlashPoint had a duty of inquiry or actual notice of its ownership and inventorship claims in the Disputed Patents, the arguments in its Renewal regarding the availability of various websites and other tools for searches related to patent ownership are both unsupported conjecture and of no consequence. *See Renewal* at 9-12. Moreover, whether Kodak’s counsel – in hindsight – found navigating patent search websites and tools to be difficult, is irrelevant. This Court should reject Kodak’s arguments, not only because they are speculative and not based on facts, but because Kodak failed to provide any evidence that FlashPoint conducted focused searches of Kodak’s patents, what FlashPoint’s practice was with regards to researching potential ownership and inventorship claims, and whether that practice was reasonable. For these reasons, Kodak’s motion should be denied.

III. RESERVATION OF RIGHTS

FlashPoint reserves all of its rights, and nothing contained herein should be construed as consent by FlashPoint to the adjudication of its rights to the relevant patents in the Bankruptcy Court, assertion of a proof of claim (both formal and informal), as a waiver of FlashPoint’s right to a jury trial, or as a waiver of FlashPoint’s right to request withdrawal of the reference.

IV. CONCLUSION

For all of the foregoing reasons, Kodak's Renewed Motion for Summary Judgment should be denied.

Dated: September 4, 2012

Respectfully submitted,

/s/ Deborah Kovsky-Apap

PEPPER HAMILTON LLP

Deborah Kovsky-Apap (DK6147)

Suite 1800

4000 Town Center

Southfield, Michigan 48075

Telephone: 248.359.7331

Facsimile: 313.731.1572

E-mail: kovskyd@pepperlaw.com

COLE, SCHOTZ, MEISEL, FORMAN
& LEONARD, P.A.

Michael D. Warner, Esq. (*Pro Hac Vice*)

Warren A. Usatine, Esq.

900 Third Avenue, 16th Floor

New York, NY 10022

Telephone: (212) 752-8000

Facsimile: (212) 752-8393

Email: mwarner@coleschotz.com

Email: wusatine@coleschotz.com

William D. Belanger

Todd A. Feinsmith

Lana A. Gladstein

19th Floor, High Street Tower

125 High Street

Boston, MA 02110-2736

Email: belangew@pepperlaw.com

Telephone: 617.204.5101

Email: feinsmitht@pepperlaw.com

Telephone: 617.204.5145

Email: gladsteinl@pepperlaw.com

Telephone: 617.204.5129

*Co-Counsel for FlashPoint Technology,
Inc.*

Counsel for FlashPoint Technology, Inc.