

James H.M. Sprayregen, P.C.
 Gregory S. Arovas, P.C.
 Paul M. Basta
 Brian S. Lennon
 KIRKLAND & ELLIS LLP
 601 Lexington Avenue
 New York, New York 10022
 Telephone: (212) 446-4800
 Facsimile: (212) 446-4900

- and -

David R. Seligman, P.C.
 Marcus E. Sernel, P.C.
 KIRKLAND & ELLIS LLP
 300 North LaSalle
 Chicago, Illinois 60654
 Telephone (312) 862-2000
 Facsimile: (312) 862-2200

Counsel to Apple Inc.

)	
In re:)	Chapter 11
)	
EASTMAN KODAK COMPANY, <i>et al.</i> ,)	Case No. 12-10202 (ALG)
)	
Debtors.)	(Jointly Administered)
)	
)	
EASTMAN KODAK COMPANY,)	
)	
Plaintiff,)	
v.)	
)	
APPLE INC. and FLASHPOINT)	Adversary No. 12-01720
TECHNOLOGIES, INC,)	
)	
Defendants.)	
)	

**APPLE'S OPPOSITION TO KODAK'S
 RENEWED MOTION FOR SUMMARY JUDGMENT**



Kodak's "do over" motion for summary judgment merely repackages the same meritless arguments it previously made regarding eight of the disputed patents and fails for the same reasons as Kodak's first attempt.¹ No amount of argument can change the fact that Kodak has *no* evidence that suggests (let alone proves beyond a reasonable inference to the contrary) that Apple knew or should have known of the existence of the eight disputed patents or possible inventorship or ownership claims regarding these patents. And Kodak cites no law for the premise that notice of facts relating to *other* patents can be transformed into generalized constructive notice of any causes of action Apple might have with regard to any Kodak patents (including patents that did not exist until the last few years). No court has ever applied the statute of limitations or laches doctrine so loosely, and this Court should not do so here.

Kodak provides no legal authority for its assertion that Apple had a duty to engage in an extensive, open-ended search for any causes of action that may exist regarding any patents assigned to Kodak. Indeed, Kodak's own cases reject the proposition that alleged notice of a handful of patents can be transformed into constructive notice across an entire portfolio of patents on a variety of different technical aspects. Kodak fails to account for the fact that Apple disclosed a vast array of technologies to Kodak during five years of collaboration on several digital camera projects. Most of these technologies, including the subject matter of seven of the disputed patents, are very different than those claimed in the '218 and '335 patents. Constructive notice of the '218 and '335 patents thus did not provide, and cannot be reasonably assumed to have provided, any way for Apple to have determined which of the vast array of diverse technologies that Apple disclosed to Kodak should allegedly have been searched for among more than one thousand digital imaging patents assigned to Kodak.

¹ The Court previously granted summary judgment with respect to the '218 and '335 patents. Apple plans to appeal that ruling.

Although the Court previously held that the existing evidentiary record fails to support a finding that Apple could reasonably have uncovered its rights in eight of the disputed patents, Kodak's renewed motion does not offer any additional evidence. Kodak's attempt to sidestep this lack of evidence with a superficial assertion that Apple could have performed Boolean word searches at the Patent Office website is meritless. Any such search would need to be based upon words relating to particular Apple technology. But there is no evidence that Apple had any way of knowing which of the vast array of different technologies it disclosed to Kodak should be searched for, or what particular words Kodak may have used to describe such technology.

Attempting to narrow the lengthy list of Kodak patents through criteria unrelated to particular technology—such as Kodak's suggestion of searching for the term “electronic camera” only in patent titles—is entirely arbitrary. Given that Kodak has more than one thousand patents relating to digital imaging, hundreds of which are returned by search criteria similar to Kodak's contrived example, there is no reason for Apple to have attempted to generate a meaningful subset of patents through such arbitrary methods. At the end of the day, the only record evidence on this issue (from the parties' respective Chief IP officers during the relevant time period) confirms that Kodak's “searching” theory is inconsistent with real world practices and cannot form the basis for summary judgment.

Kodak is also incorrect that constructive notice of four recently-issued patents should be imputed to Apple because two predecessor patents were among fourteen patents asserted in a prior litigation against Sony. This Court previously found that constructive notice requires proof of “pervasive, open, and notorious activities” that indicate the basis for a potential claim. A single, isolated assertion of two other patents in litigation against a third party does not even come close to meeting this standard. Further, even if notice of the predecessor patents could be

shown, Kodak's attempt to impute such notice to subsequent patents is both legally and factually baseless. Accordingly, Kodak's renewed motion for summary judgment must be denied.

I. Kodak Fails to Prove Notice of Apple's Inventorship and Ownership Claims in the Remaining Disputed Patents.

The Court previously ruled that "it cannot be found on the instant record that Apple knew or should have known after a reasonable inquiry of its inventorship" rights in eight of the disputed patents. (Dkt. No. 49 at 30.) Kodak's renewed motion adds nothing to this record, and in particular fails to identify any alleged evidence of actual or constructive notice that is tied directly to these eight patents.² Instead, Kodak merely re-argues, at greater length, its position that all of the disputed patents should be lumped together for purposes of alleged constructive notice. As explained below, this argument is meritless for several reasons.

A. Kodak's Assertion of a Generalized Duty of Inquiry is Legally and Factually Groundless.

The premise of Kodak's renewed motion is that once Apple was "on actual or constructive notice of the '218 patent and the '335 patent, [it] had a duty to inquire as to the existence of other Kodak patents." (Dkt. No. 58, Kodak Renewed SJ Mot. at 5.) But this premise is unsupported by any legal precedent and breaks down on multiple factual levels.

To determine whether an inventorship or ownership claim exists, it is necessary to find a match between one of the many technologies disclosed by Apple with one of the technologies *claimed* in Kodak's many patents. *See, e.g., Falana v. Kent State Univ.*, 669 F.3d 1349, 1357 (Fed. Cir. 2012) ("the critical question for joint conception is who conceived, as that term is used in the patent law, the subject matter of the claims at issue"). Engaging in an open-ended analysis of Apple's vast array of technical disclosures to determine what causes of action may exist with

² The lack of any such additional evidence is illustrated by Kodak's failure to provide a statement of undisputed material facts pursuant to Rule 7056-1.

respect to patent claims in an undefined set of numerous Kodak patents is a monumental and impractical undertaking.³

Kodak fails to provide any legal authority for the unprecedented duty it seeks to impose upon Apple to have conducted a massive and open-ended search for potential causes of action. To the contrary, the reasoning of *Wanlass* suggests that no such duty should be imposed. The Federal Circuit explained that “[a]llocating the burden to patentees to seek out infringers is proper, furthermore, because compared to potential infringers, they are in the best position to know the scope of their patent protection and, therefore, also to know likely places to find infringement.” *Wanlass v. General Electric Co.*, 148 F.3d 1334, 1339 (Fed. Cir. 1998). In other words, a patent provides a specific roadmap that guides *the patentee* to find alleged infringement of that particular patent. Here, however, even assuming notice of the ‘218 and ‘335 patents, this would provide Apple with no guidance at all as to which other patents, covering different subject matter, might be subject to causes of action. In fact, it is Kodak (as patent holder) who was in the “best position” to comply with its obligation to disclose to Apple patents related to Apple technology—something Kodak employees would have direct knowledge of—rather than expecting Apple to engage in open-ended searching and analysis. *Wanlass*, 148 F.3d at 1339.

Further, courts interpreting *Wanlass* have held that several fact patterns similar to those found here negate a finding of constructive notice:

- *Acushnet Co. v. Dunlop Maxfli Sports Co.*, 2000 WL 987979 (D. Del. June 29, 2000) held that “that it would be unreasonable to impose a duty to inspect the entire market of possibly infringing products where the patented device was used in some, but not all, products in the industry.” *Id.* at *13. Here too, it is

³ The difficulty of this undertaking is compounded by the fact that the Apple personnel who developed this technology left the company in the late 1990s. Analysis of this issue therefore requires manual review of archived technical documents by persons who were not involved in the collaboration with Kodak.

unreasonable to expect Apple to inspect Kodak's entire patent portfolio, where ownership claims exist for only a small subset of the patents in the portfolio.⁴

- *Aguayo v. Universal Instruments Corp.*, 356 F. Supp. 2d 699 (S.D. Tex. 2005) held that even where evidence of a claim is “open and publicly available,” a duty of inquiry is negated where the defendant falsely conveys an impression that no claim exists. *Id.* at 751-52. This is in contrast to *Wanlass*, where “the accused infringer attacked the validity of the patent itself, while openly acknowledging its intent to rely on the technology.” *Id.* at 754. Here too, unlike *Wanlass*, Kodak conveyed the impression no claims existed by breaching its contractual and equitable obligations to disclose to Apple the existence of the disputed patents.⁵
- *PSN Illinois, Inc. v. Ivoclar Vivadent, Inc.*, 398 F. Supp. 2d 902 (N.D. Ill. 2005) emphasized the need to establish knowledge of the relevant cause of action, not merely knowledge of the item such cause of action is directed at. *Id.* at 907 (“[k]nowledge of a product, however, does not automatically indicate actual or constructive knowledge of infringement”). Here too, it is not enough for Kodak to argue that Apple could allegedly have located particular Kodak patents; the causes of action regarding such patents would still not be apparent without analyzing a vast array of materials regarding Apple's disclosures to Kodak.

In addition to the absence of any legal precedent for the duty Kodak seeks to impose upon Apple, Kodak fails to provide any evidence, such as evidence of industry practices, allegedly supporting the reasonableness of its assertions. The only evidence (from the parties respective Chief IP officers) not only fails to support Kodak's positions, but directly refutes the reasonableness of the duty that Kodak's motion seeks to impose on Apple. Kodak also fails to provide evidence regarding feasibility of the open-ended searches that Kodak argues Apple should have undertaken.

⁴ *Acushnet* further held that a duty of inquiry is imposed only on a plaintiff who “was on [actual as opposed to constructive] notice that [the defendant] was a potential infringer”; this duty was not imposed where the “plaintiff had no actual notice that defendant was a potential infringer.” *Id.* at *12-13. Here, there was no finding that Apple had actual notice regarding the '218 and '335 patents. Kodak cannot construct a chain of constructive notice—that Apple should have known of its claims for the '218 and '335 patents, and if Apple would have actually known of those claims that allegedly should have caused Apple to inquire about others.

⁵ Kodak conceded at the July 24, 2012 hearing that, for purposes of summary judgment, it should be assumed that Kodak had an obligation to disclose the disputed patents to Apple. (Ex. A, 7/24/12 Hearing Tr. at 17:24-18:6.) No such disclosure was ever made by Kodak prior to suing Apple for alleged infringement.

Contrary to Kodak's argument, there is no "discrete set of disclosures Apple purportedly made to Kodak" that could be used to search for ownership claims. (*Id.*) Over the course of many years of collaboration Apple made a vast array of disclosures to Kodak concerning numerous different technologies. For example, the parties' 1994 Interim Agreement identifies forty-eight camera "subsystems" containing Apple technology and intellectual property. (Dkt. No. 22, Ex. 16, 1994 Interim Agreement at 7-8.) This intellectual property was disclosed through a large set of "documentation, source, object files, executable files, ROM images, and other Apple software" that Kodak acknowledged receipt of (and much of which Kodak destroyed after conclusion of the parties' collaboration). (Dkt. No. 22, Ex. 33, 8/8/96 Peters Letter at 1.) A subset of these materials, which Kodak chose to retain in archives, consisted of fifty eight technical documents regarding a wide range of technical topics. (*Id.* at 1-2.) The full range of technical materials regarding Apple technology is illustrated by the hundreds of thousands of pages of materials produced regarding the parties' digital camera collaboration in the 1990s.

A similarly vast array of disparate technologies is disclosed in Kodak's numerous patents. In particular, Kodak has asserted that it has approximately 1,100 patents relating to digital image capture. (Dkt. No. 16-3, Lasinski Dec., ¶¶ 10-11.) The vast majority of these patents are not subject to any inventorship or ownership challenges. Indeed, the parties' 1994 Interim Agreement recognizes that there are numerous subsystems containing Kodak technology. (Dkt. No. 22, Ex. 16, 1994 Interim Agreement at 5-6.) Thus, Kodak's present arguments, at best, raise disputed issues of fact for trial regarding the contents of the parties' collaboration, Kodak's patent portfolio, and the feasibility of an open-ended search for matches between these two areas that would give rise to inventorship and ownership claims.

Moreover, any suggestion that all of the disputed patents can be lumped into a generalized duty of inquiry is particularly unwarranted given the differences in subject matter among these patents. Seven of the remaining disputed patents are unrelated to the subject matter of the '218 patent (which relates to particular mechanism for providing both "live preview" and "still capture" modes for digital images) and '335 patent (which relates to particular mechanism for capturing images in multiple resolutions, as well as a "burst mode" feature). (Dkt. No. 22, Ex. 4, '218 Patent; Ex. 1, '335 Patent.)⁶ Each of Patent Nos. 7,210,161, 7,742,084, 7,453,605, and 7,936,391 relate to a particular mechanism for transmitting images from a digital camera. (Dkt. No. 22, Exs. 6-10.) Patent Nos. 6,441,854, 6,147,703, and 6,879,342 relate to various specific interfaces for providing displays of captured images to users, including a quick review of the last captured image. (Dkt. No. 22, Exs. 3, 5-6.)

The documents that Apple has identified to date to show its technical disclosures to Kodak regarding these remaining patents are also separate from, and dated years apart from, the documents regarding the '218 and '335 patents. (Dkt. No. 22, Apple Opp. Br. at 28-30; Dkt. No. 22, Exs 23, 29-35.) The gap between technical work on subject matter underlying each of the disputed patents is further shown by the fact that the filing dates of the various disputed patents are many years apart. Thus, there is simply no nexus between the various different technologies and circumstances at issue that could give rise to a generalized concept of notice or duty of inquiry based on the '218 and '335 patents.

⁶ To minimize the volume of materials filed with this brief, exhibits attached to Apple's July 17, 2012 opposition to Kodak's initial summary judgment motion are cited from that motion, rather than re-attached here. Apple also incorporates by reference its previous summary judgment opposition brief and all associated declarations and exhibits.

B. Kodak Fails to Prove That Apple Could Reasonably Have Discovered its Rights in the Remaining Disputed Patents.

Despite the Court's previous ruling that the existing evidentiary record failed to support a finding that Apple knew or should have known of its inventorship and ownership rights, Kodak fails to introduce any additional evidence of alleged notice. Instead, Kodak seeks to sidestep its lack of evidence by suggesting that Apple should have attempted to search for Kodak patents on the Patent Office website. (Dkt. No. 58 Kodak Renewed SJ Mot. at 5.) This superficial suggestion fails to provide a basis for imputing constructive knowledge to Apple.

Contrary to Kodak's argument, it is not enough to show that Apple could have uncovered the existence of various Kodak patents. Kodak must show that Apple should have known about the existence of Apple's causes of action for inventorship and ownership of particular patents. *Advanced Cardiovascular Sys. v. Scimed Life Sys., Inc.*, 988 F.2d 1157, 1162 (Fed. Cir. 1993) ("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"); *Micrel Inc. v. Monolithic Power Sys., Inc.*, 2005 WL 6426678, *4 (N.D. Cal. Dec. 9, 2005) (holding that "the fact that knowledge of the existence of the [patents] may be imputed . . . does not necessarily establish as a matter of law that [plaintiff] should have known about the alleged misappropriations by these dates"). Apple's rights do not arise merely from the existence of Kodak patents, but from the fact that certain patents are based upon technology that Apple originated and disclosed to Kodak.

It is not reasonable to conclude that Apple should have determined the existence of its causes of action for inventorship and ownership merely by searching the Patent Office website. Apple did not know which of the vast array of technologies disclosed to Kodak should be used as the basis for any such search. There is no evidence that Apple had any way of knowing which, if any, of the numerous Kodak patents that could be turned up through various searches on the

Patent Office website should be targeted for attempting to locate corresponding subject matter in Apple's technical documents. Thus, there was no reasonable mechanism for Apple to become aware of its causes of action.

Nor is there any merit to Kodak's assertion that Apple could have narrowed the field of inquiry by searching for patents in a particular date range that contain the words "electronic camera" specifically in the patent title. (Dkt. No. 58 Kodak Renewed SJ Mot. at 10.) As an initial matter, analysis of the fifty two patents yielded by this particular search, and looking for corresponding disclosures in Apple's technical documents, is itself a formidable task. Further, given that Kodak has more than one thousand patents relating to digital capture technology, there is no reason why Apple should have focused on a particular subset of fifty two patents yielded by Kodak's proposed search. For example, the same search for the words "electronic camera" in the patent specifications (rather than limited to title) returns two hundred and fifty four patents. (Ex. B, PTO Search.) Using the more familiar phrase "digital camera" returns four hundred and fifty one patents. (Ex. C, PTO Search.) Any decision to focus attention and resources on Kodak's particular contrived search or its fifty-two results would have been totally random.

The useless nature of open-ended searching through patent databases is further illustrated by Kodak's failure to do so with respect to its own ownership claims. Kodak's motion touts the fact that it had access to a search tool called "MicroPatent" since 2001. (Dkt. No. 58 Kodak Renewed SJ Mot. at 12.) Yet, despite its access to this tool, Kodak did not raise its ownership claims against Apple's Patent No. 5,920,726 until October 7, 2010—eleven years after the '726 patent issued. (Dkt. No. 22, Exs. 17-18.) Indeed, Kodak did not even engage in monitoring of Apple's patent portfolio, with MicroPatent or with any other means. (Dkt. No. 22, Ex. 19, 7/13/2010 Lynch Tr. at 36:17-20.) This objective evidence shows that the duties and

constructive knowledge that Kodak now seeks to impute to Apple are inconsistent with real-world conduct.

Kodak's further attempts to bolster its constructive knowledge assertions by re-arguing several pieces of alleged evidence that were previously considered by the Court are also meritless. In particular, retrieval of lists of Kodak patents by Apple employee, Scott Fullam, in the late 1992 and early 1993 timeframe is irrelevant to the time-bar issues. (Dkt. No. 58 Kodak Renewed SJ Mot. at 5.) These lists were obtained at the inception of the relationship between Apple and Kodak for the purpose of getting a sense of what Kodak was bringing to the table in several areas of basic photography technology. None of these areas of technology are related to the subject matter of the disputed patents, which came much later. Nor was any substantive analysis performed by Mr. Fullam regarding the subject matter or claims of any of these patents.

Kodak further argues that constructive notice is indicated by the contents of a 2001 InfoTrends report. (Dkt. No. 58 Kodak Renewed SJ Mot. at 6.) But this report was obtained by Kodak from FlashPoint's files. There is no evidence that Apple ever saw this report or would have had any reason to do so. Kodak also relies upon the 2005 Sony subpoena, but concedes that no information is provided in this subpoena regarding the patents asserted in the Sony litigation. (*Id.* at 7.) Instead, Kodak argues that the subpoena is "very broad" and "goes far beyond requests directed to specific projects—Adam, Phobos, Aspen, QuickTake, Venus and Nimbus." (*Id.*) But that is exactly why the subpoena failed to provide any alleged notice to Apple. It is not realistic to expect Apple to analyze a vast array of technologies relating to work performed on numerous projects over the course of more than five years in an attempt to uncover potential claims against some subset of more than one thousand Kodak digital imaging patents.

C. Kodak Fails to Prove Notice to Apple of Recently-Issued Patents Based on Earlier Predecessor Patents.

Kodak's renewed motion also re-argues its previous assertion that Apple should have known about its rights in four of the disputed patents due to alleged notice of predecessor applications. (Dkt. No. 58 Kodak Renewed SJ Mot. at 12-15.) In particular, Kodak asserts that Apple was allegedly on notice of Patent Nos. 6,784,924 and 6,573,927, and that this notice can allegedly be extrapolated to patents resulting from child application.⁷ This argument—which was already raised in Kodak's earlier summary judgment motion—is incorrect for several reasons.

First, no basis exists for concluding that Apple was on notice of the '924 and '927 patents. Kodak fails to provide any evidence that these patents were ever brought to Apple's attention. Instead, Kodak relies upon the fact that these patents were among fourteen asserted in prior litigation against Sony. This is not even remotely comparable to the facts previously relied upon by the Court to find that Apple's claims were time-barred with respect to the '335 and '218 patents.

Unlike the '335 patent, there is no evidence that anyone working on Apple's behalf ever became aware of the '924 and '927 patents. (Dkt. No. 49 at 26-27.) With respect to the '218 patent, the Court relied upon a collection of evidence regarding alleged notice, including a 1994 presentation relating to the subject matter of the '218 patent and assertion of the '218 patent in "multiple lawsuits brought by [Kodak] against third parties." (*Id.* at 27-28.) Indeed, the '218 patent was asserted by Kodak in litigation or discussions with every one of thirty licensees.

⁷ Kodak asserts that "[t]he Court's finding that Apple was on inquiry notice as to 'the technology on which the '218 patent was based' (Opinion at 27) applies equally to the '161, '605, '084 and '391 patents." (Dkt. No. 58 Kodak Renewed SJ Mot. at 12.) Yet Kodak has provided no expert or other evidence that establishes a technical nexus between the '218 patent and these other four patents. Indeed, the subject matter of the '218 patent is very different from the subject matter of the '161, '605, '084 and '391 patents, as discussed earlier.

(Dkt. No. 22, Ex. 18 at 2673:22-2675:1.) There is no such evidence for the ‘924 and ‘927 patents. Thus, there are no “‘pervasive, open, and notorious’ activities” with respect to these patents that could allegedly result in notice to Apple. (Dkt. No. 49 at 25.)

Second, the facts here are also very different from the cases relied upon by Kodak, where a time-bar was triggered by actual direct notice of the conduct giving rise to the relevant claims. (Dkt. No. 58 Kodak Renewed SJ Mot. at 8-9.) In particular, *Roche* involved direct statements in which plaintiff “asserted [its] ownership of the [] invention and offered [plaintiff] a license,” and also specified that “[c]ontinuations based on the same application ‘family’ remain pending.” *Board of Trustee of Leland Stanford Jr. Univ. v. Roche Molecular Sys., Inc.*, 583 F.3d 832, 847 (Fed. Cir. 2009). The *Hor* case involved plaintiffs who were directly informed by the defendant that they were merely a “pair of hands” and would not be recognized as inventors; plaintiffs were also aware of a publication by defendant claiming sole inventorship. *Hor v. Chu*, 765 F. Supp. 2d 903, 917 (S.D.T.X. 2011). In *Mahmood*, the plaintiff was shown to have direct knowledge of the inventorship claim due to his own statement that the defendant’s products incorporated his technology, as well as subsequent communications with the defendant regarding the patent. *Mahmood v. Research In Motion Ltd.*, 2012 WL 242836, *4 (S.D.N.Y. Jan. 24, 2012). No such facts exist here.

Moreover, Kodak fails to show that the contents of the ‘924 and ‘927 patents—even if Apple would have allegedly had notice of them—were sufficient to place Apple on notice of the ‘161, ‘605, ‘084 and ‘391 patents. To the contrary, the Federal Circuit has specifically rejected an argument that where “six patents relate to the same invention . . . if [plaintiff] was barred by lack of diligence in correcting the inventorship of the [predecessor] patent, he was barred as to all six.” *Stark v. Advanced Magnetics, Inc.*, 29 F.3d 1570, 1576 (Fed. Cir. 1994). Rather, the

Federal Circuit found “no reason to depart from the general rule that each patent is a separate chose in action” and held that it was thus “incorrect in law to hold that correction of the five subsequently issued patents was barred, upon the court’s finding of lack of diligence as to the first.” *Id.*

In addition to this legal deficiency, Kodak’s assertion that constructive notice can be based upon the fact that these patents share the same specification and figures is also factually incorrect. (Dkt. No. 58 Kodak Renewed SJ Mot. at 13-15.) As Apple previously explained, it is black letter law that inventorship and ownership claims are based upon the contents of the patent claims, not the patent specifications and figures. *See, e.g., Falana*, 669 F.3d at 1357 (“the critical question for joint conception is who conceived, as that term is used in the patent law, the subject matter of the claims at issue”); *University of Rochester v. G.D. Searle & Co., Inc.*, 375 F.3d 1303, 1325-26 (Fed. Cir. 2004) (“[s]urely there is no principle more firmly established in patent law than the primacy of the claims in establishing the bounds of the right to exclude”); *Johnson & Johnston Assocs. Inc. v. R.E. Serv. Co.*, 285 F.3d 1046, 1052 (Fed. Cir. 2002) (“a patent applicant defines his invention in the claims, not in the specification”). Even related patents sharing the same specification and figures have very different claims with very different scopes. *See, e.g., In re Goodman*, 11 F. 3d 1046, 1052 (Fed. Cir. 1993) (explaining that if the “claimed inventions are identical in scope” to an earlier patent, they must be rejected “under 35 U.S.C. § 101 because an inventor is entitled to a single patent for an invention”). Absent a showing by Kodak that the claims of the ‘924 and ‘927 patents give rise to inventorship and ownership rights that Apple should have asserted, these patents cannot provide a basis for alleged constructive notice of Apple’s rights in the ‘161, ‘605, ‘084 and ‘391 patents.

D. No Basis Exists for Constructive Notice of the Remaining Disputed Patents.

As with its earlier summary judgment motion, Kodak's attempt to broad-brush a generalized assertion of alleged constructive notice by Apple is motivated by a dearth of any evidentiary basis for proving such notice with respect to each patent at issue. For example:

- Patent No. 7,936,391 issued on May 3, 2011. It was not asserted by Kodak in litigation until January 10, 2012. The subject matter of this patent is unrelated to the '218 and '335 patents; Apple's invention and disclosure to Kodak of this subject matter is shown in separate documents from those relating to the '218 and '335 patents, dated years later. No evidence exists that the '391 patent ever came to Apple's attention before Kodak sued Apple in 2012.
- Patent No. 7,742,084 issued on June 22, 2010. It was not asserted by Kodak in litigation until January 10, 2012. The subject matter of this patent is unrelated to the '218 and '335 patents; Apple's invention and disclosure to Kodak of this subject matter is shown in separate documents from those relating to the '218 and '335 patents, dated years later. No evidence exists that the '084 patent ever came to Apple's attention before Kodak sued Apple in 2012.
- Patent No. 7,453,605 issued on November 18, 2008. It was not asserted by Kodak in litigation until January 10, 2012. The subject matter of this patent is unrelated to the '218 and '335 patents; Apple's invention and disclosure to Kodak of this subject matter is shown in separate documents from those relating to the '218 and '335 patents, dated years later. No evidence exists that the '605 patent ever came to Apple's attention before Kodak sued Apple in 2012.
- Patent No. 7,210,161 issued on April 24, 2007. It was not asserted by Kodak in litigation until November 20, 2008. The subject matter of this patent is unrelated to the '218 and '335 patents; Apple's invention and disclosure to Kodak of this subject matter is shown in separate documents from those relating to the '218 and '335 patents, dated years later. No evidence exists that the '161 patent ever came to Apple's attention before Kodak sued Apple in 2012.
- Patent No. 6,879,342 was never asserted by Kodak in litigation. The subject matter of this patent is unrelated to the '218 and '335 patents; Apple's invention and disclosure to Kodak of this subject matter is shown in separate documents from those relating to the '218 and '335 patents, dated years later. No evidence exists that Apple was put on notice of its claims regarding the '342 patent prior to the relevant limitations periods.
- Patent No. 6,147,703 was never asserted by Kodak in litigation. The subject matter of this patent is unrelated to the '218 and '335 patents; Apple's invention and disclosure to Kodak of this subject matter is shown in separate documents

from those relating to the '218 and '335 patents, dated years later. No evidence exists that Apple was put on notice of its claims regarding the '703 patent prior to the relevant limitations periods.

- Patent No. 6,441,854 was not asserted by Kodak in litigation until January 13, 2012. The subject matter of this patent is unrelated to the '218 and '335 patents; Apple's invention and disclosure to Kodak of this subject matter is shown in separate documents from those relating to the '218 and '335 patents, dated years later. No evidence exists that Apple was put on notice of its claims regarding the '854 patent prior to the relevant limitations periods.
- Patent No. 5,828,406 was never asserted by Kodak in litigation. No basis exists for finding that Apple was put on notice of its claims regarding the '406 patent prior to the relevant limitations periods. *Stark*, 29 F.3d at 1576.

This record cannot support summary judgment.

II. Kodak Fails to Prove Prejudice Resulting From Any Alleged Delay in Asserting Apple's Rights in the Remaining Disputed Patents.

A further deficiency in Kodak's motion is that it fails to provide any evidence of prejudice with respect to the eight disputed patents at issue. *Advanced Cardiovascular*, 988 F.2d at 1161 (“[d]ismissal of a claim on the ground of laches requires that there be (1) unreasonable and unexcused delay in bringing the claim, and (2) material prejudice to the defendant as a result of the delay.”). Kodak merely references the Court's previous findings with respect to the '218 and '335 patents, but fails to explain how these findings can be extrapolated to the remaining eight patents. No evidence exists to support such extrapolation.

With respect to economic prejudice, Kodak relies upon the Court's previous findings that Apple's claims against the '218 patent and '335 patent would “cut off” Kodak's “ability to effect a critical sale of property.” (Dkt. No. 58 Kodak Renewed SJ Mot. at 2.) But a finding that claims against these two patents “cut off” Kodak's ability to sell its portfolio of more than one thousand patents does not suggest that such a finding can be made for other patents. In particular, the '218 patent was described by Kodak as a “centerpiece” of its efforts to litigate and

license its patent portfolio. (Dkt. No. 11, 6/29/12 Lynch Dec., ¶ 12.) Kodak has also focused heavily on the ‘335 patent in its past litigation and licensing efforts. (Dkt. No. 22, Ex. 19, 7/13/12 Lynch Tr. at 91:23-92:12.) But Kodak provides no such testimony with respect to the remaining eight disputed patents. Thus, no basis exists to conclude that Apple’s claims against these patents would “cut off” Kodak’s ability to sell its patent portfolio.

In fact, Kodak’s chief intellectual property officer testified that he was not aware of any facts indicating that Apple’s claims were impacting or delaying the sale process. (*Id.* at 108:18-109:10.) This testimony, together with the absence of any evidence from Kodak as to alleged impact of Apple’s claims regarding the eight remaining disputed patents on the sale process, preclude a finding of economic prejudice. At a minimum, there are open issues of fact regarding this point.

Kodak likewise fails to show any evidentiary prejudice relating to the eight patents at issue. Although the Court did find evidentiary prejudice with respect to the ‘218 and ‘335 patents, no basis has been shown for extrapolating these findings to the eight patents at issue. In particular, the ‘161, ‘605, ‘084 and ‘391 patents were asserted in litigation by Kodak for the very first time on January 10, 2012. (Dkt. No. 11, 6/29/12 Lynch Dec., Ex. F.) Kodak apparently believed at that time that sufficient evidence was available to litigate these patents, including evidence of Kodak’s alleged ownership of the patents, standing to assert infringement, and conception by the named inventors.⁸ This same body of evidence will allow Kodak to properly litigate Apple’s claims.

⁸ Kodak previously argued, in opposing one of Apple’s requests to lift the stay, that “[o]wnership of the [asserted] patent is a threshold issue for Kodak’s patent infringement claim,” because it is a necessary predicate to establishing Kodak’s standing to sue. (Ex. D, 4/2/11 Kodak Br. at 7.) On this basis, Kodak argued that Apple’s ownership claims “involve the same issues for the same patent[s]” as the infringement litigation. (*Id.* at 9.) Thus, Kodak cannot now assert that sufficient evidence exists to pursue its recently-filed infringement claims, but not Apple’s ownership claims.

Indeed, Kodak has failed to identify a single piece of documentary or testimonial evidence regarding the eight remaining disputed patents that was allegedly available earlier (at the time of alleged notice to Apple), but is no longer available today. Kodak has argued in the past that Ken Parulski recently retired from Kodak. But Mr. Parulski is not even a named inventor on three of the remaining disputed patents. With respect to litigation involving four of the other disputed patents, Mr. Parulski is being represented by counsel for Kodak and has in fact made himself available to testify on September 5-6, 2012. There is no reason to suspect that Mr. Parulski would not be similarly available for litigation involving Apple's claims.

III. Kodak Fails to Provide a Basis for Barring Apple's Counterclaims for Breach of Confidence.

Kodak also fails to address the appropriate legal standard for an alleged time-bar of Apple's claims for breach of confidence with respect to the eight remaining disputed patents, which are based in part upon breach of fiduciary duty. (Dkt. No. 5, ¶¶ 82-85.) “[W]here, as here, there is a fiduciary relationship between the parties, the universal rule is that ‘a statute of limitation does not begin to run where there is a fiduciary relationship between the parties until the relationship is repudiated.’” *Manchester Band of Pomo Indians, Inc. v. United States*, 363 F.Supp. 1238, 1249 (N.D. Cal. 1973); *see also Kasey v. Molybdenum Corp. of America*, 336 F.2d 560, 569 (9th Cir. 1964) (recognizing “the California rule that a statute of limitations does not begin to run where there is a fiduciary relationship between the parties until the relationship is repudiated”).

Kodak does not contend that it “openly repudiated” its obligation to convey ownership of the disputed patents to Apple before the limitations period. Nor is there evidence of any such repudiation by Kodak. Rather, Kodak is subject to a continuing obligation under the parties’ 1994 Agreement to promptly disclose and irrevocably assign to Apple the disputed patents.

(Dkt. No. 22, Ex. 16, 1994 Agreement, ¶ 6.) Accordingly, Kodak's various arguments regarding alleged notice to Apple are irrelevant to Apple's counterclaims for breach of fiduciary duty and no basis exists for summary judgment regarding these counterclaims.

IV. CONCLUSION

For the above reasons, Apple respectfully requests that Kodak's Motion be denied.

New York, New York
Dated: September 4, 2012

/s/ Brian S. Lennon

James H.M. Sprayregen, P.C.
Gregory S. Arovas, P.C.
Paul M. Basta
Brian S. Lennon
KIRKLAND & ELLIS LLP
601 Lexington Avenue
New York, New York 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

- and -

David R. Seligman, P.C.
Marcus E. Sernel, P.C.
KIRKLAND & ELLIS LLP
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

Counsel to Apple Inc.

Exhibit A

364601.TXT

1

1
2 UNITED STATES BANKRUPTCY COURT
3 SOUTHERN DISTRICT OF NEW YORK
4 Case No. 12-10202-alg; 12-01720-alg
5 - - - - -x
6 In the Matter of:
7 EASTMAN KODAK COMPANY,
8 Debtors.
9 - - - - -x
10 EASTMAN KODAK COMPANY,
11 Plaintiffs,
12 v.
13 APPLE, INC., ET AL,
14 Defendants.
15 - - - - -x
16 United States Bankruptcy Court
17 One Bowling Green
18 New York, New York
19
20 July 24, 2012
21 10:06 AM
22 B E F O R E :
23 HON. ALLAN L. GROPPER
24 U.S. BANKRUPTCY JUDGE
25 ECRO: TB ♀

2

1 Adversary Proceeding: Motion by plaintiff for summary
2 judgment. Joinder to motion of the second lien parties.
Page 1

364601.TXT

21 to Apple and to FlashPoint, at least as they've been presented
22 to me. But if I don't know, I don't know, and I'll leave it at
23 that.

24 MR. AROVAS: Okay. Well, certainly if there's
25 something that the Court needs to help for purposes of the ¶

14

1 motion or context, we'll give you our best to give you that
2 information. But from a litigation perspective, that issue has
3 not moved very far, and I think most likely would be litigated
4 elsewhere.

5 THE COURT: That seems to me to be obvious on this
6 record. And I don't know what the confidentiality issues may
7 be there. But I'll leave it at that. Anything from
8 FlashPoint, or anything different?

9 MR. BELANGER: Not at this point, Your Honor.

10 THE COURT: All right. We'll get to the motion.

11 MR. HOLLEY: Your Honor, Steve Holley again from
12 Sullivan & Cromwell for the debtors.

13 We're here this morning on Kodak's motion for summary
14 judgment. As the Court knows, Apple has asserted that it owns
15 ten different Kodak patents that are part of the digital
16 capture portfolio, which the debtors are currently seeking to
17 sell under Section 363 of the Bankruptcy Code.

18 FlashPoint has recently asserted that it owns those
19 same ten patents plus three more. With a single exception, all
20 of these ownership claims were asserted after the debtors filed
21 their Chapter 11 petitions in January of this year.
22 FlashPoint's ownership claims were first asserted just a couple
23 of weeks ago.

24 Yet, as I will explain, all of those ownership claims

364601.TXT

25 purportedly arise out of joint development work between these ♀

15

1 companies that occurred a very long time ago. In Apple's case,
2 in the early 1990s.

3 In the intervening years, Kodak applied for and
4 obtained a great many digital imaging patents, including the 13
5 patents that are at issue this morning. And then enforced
6 those patents through licensing and litigation in a very public
7 way.

8 As a result, all of FlashPoint's and Apple's ownership
9 claims are now time barred, either under the relevant statutes
10 of limitations or the equitable doctrine of laches or both.

11 As an initial matter, I want to put these ownership
12 claims that we were dealing with here in context. As I said
13 with one exception, all of these claims were asserted post
14 petition, some just a few weeks ago. That timing is notable in
15 and of itself. More importantly, while the digital capture
16 portfolio contains more than 700 patents, 7 of the 10 patents
17 that Apple claimed to own first, and then FlashPoint later
18 claimed to own, are the very same patents that Kodak has
19 asserted against Apple and others in patent infringement
20 litigation.

21 That is not some remarkable coincidence, Your Honor.
22 It is instead evidence that these ownership claims are being
23 asserted for strategic reasons in this bankruptcy case.
24 Moreover, while Apple and FlashPoint are telling this Court
25 that they own all of the patents that Kodak has ever asserted ♀

16

1 in patent litigation against any third party, neither Apple nor
2 FlashPoint has ever sought to intervene in any of those cases,

364601.TXT

3 which calls into question the legitimacy of these ownership
4 claims.

5 with that as background, I now want to address the
6 many, many facts which demonstrate that Apple's and
7 FlashPoint's ownership claims are time barred. None of these
8 facts is disputed. I see from the arrangements in the
9 courtroom that we are going to get two sound and light shows
10 about all the purported disputed issues of fact in this case,
11 but there are no such disputed issues of fact that are relevant
12 and material to the dispute raised by Kodak's motion.

13 what Apple and FlashPoint want to do is argue about
14 the legal significance that should be attributed to the facts
15 on which Kodak relies. But those disputes do not generate
16 genuine issues of material fact under Rule 56 of the Federal
17 Rules of Civil Procedure. Arguing about legal consequences of
18 facts is what summary judgment is all about.

19 Now, Kodak is not relying on one single fact in
20 isolation, to claim that Apple and FlashPoint knew long ago
21 that Kodak was obtaining digital imaging patents and enforcing
22 those patents against infringers. Instead, there is a long
23 litany of facts which is set out in our papers that taken
24 together, leave no possible doubt that Apple and FlashPoint
25 have been on constructive or actual notice of their ownership

17

1 claims for more than a decade.

2 And I want to walk through those facts with the Court,
3 because I think they're extremely important. First, there is
4 the fact of the joint development work itself. As opposed to
5 the public at large, Apple and FlashPoint had reason to pay
6 attention to whether Kodak was obtaining and enforcing digital

364601.TXT

7 imaging patents based on their history of cooperation with
8 Kodak. Both Apple and FlashPoint worked closely with Kodak on
9 the development of digital cameras back in the 1990s, and thus,
10 at least theoretically, they might have contributed to certain
11 of Kodak's patented inventions in the field. Certainly it is
12 something that they should've paid attention to. Apple and
13 FlashPoint do not and cannot deny that this joint development
14 work occurred.

15 Second, there is the fact that the contracts between
16 Kodak and Apple on one hand, and Kodak and FlashPoint on the
17 other hand, explicitly addressed the ownership of intellectual
18 property that had some conceivable connection to the parties'
19 joint development efforts.

20 This shows that ownership of patents was on the minds
21 of the parties back in the 1990s. So Apple and FlashPoint
22 cannot claim that the issue was only recently brought to their
23 attention.

24 Now, you're going to hear a lot this morning, Your
25 Honor, about the idea that the contracts that Kodak had with ♀

18

1 Apple and FlashPoint required Kodak to notify those companies
2 that it was applying for and obtaining digital imaging patents.
3 Kodak disputes that it had such an obligation, but for purposes
4 of this motion, we're willing to assume that such an obligation
5 existed. So that is not a disputed issue of fact or law that
6 should detain the Court. Because whether or not there was such
7 an obligation does not alter the fact that the existence of
8 these contracts gave Apple and FlashPoint strong reason to pay
9 attention to Kodak's efforts to get and enforce digital imaging
10 patents.

11 There is no authority for the proposition that Apple
Page 15

364601.TXT

12 and FlashPoint were entitled to ignore all of the evidence that
13 put them on notice of their ownership claims simply because
14 they said they were waiting for some formal letter to arrive
15 from Kodak, that they thought they had a contractual
16 entitlement to receive.

17 THE COURT: Now, you've used, just now, the concept of
18 notice, "they should have paid attention." what's the legal
19 standard? Let's start with the ownership claims. Those are
20 state law claims, as I understand.

21 MR. HOLLEY: Right.

22 THE COURT: And what's the standard? what law are we
23 talking about first?

24 MR. HOLLEY: well, it's the --

25 THE COURT: what's the applicable statute of

19

1 limitations?

2 MR. HOLLEY: There are different statutes of
3 limitations applicable to different claims, Your Honor. The
4 longest of which --

5 THE COURT: No, let's just start with the state, that
6 makes it a little bit easier.

7 MR. HOLLEY: California in the case of Apple --

8 THE COURT: California. And what about -- and for
9 FlashPoint?

10 MR. HOLLEY: I think California as well, Your Honor,
11 because they seem to be arguing, although it isn't entirely
12 clear to me what they're arguing, but they seem to be arguing
13 that they stepped into the shoes of Apple by a virtue of a 1996
14 assignment agreement, and therefore, they stand in Apple's
15 shoes for purposes of the statute of limitations.

364601.TXT

16 THE COURT: And the New York borrowing statute, is
17 that relevant?

18 MR. HOLLEY: Not in any way that I can think of, Your
19 Honor.

20 THE COURT: All right. Okay. So we're talking about
21 California law and different statutes of limitations, and I
22 gather that the longest is, in your view, four years; is that
23 right?

24 MR. HOLLEY: That's correct.

25 THE COURT: All right. ♀

20

1 MR. HOLLEY: So going back to all of the facts that
2 put Apple and FlashPoint on constructive or actual notice, Your
3 Honor, there's the fact that Apple --

4 THE COURT: Now, under California law -- I don't mean
5 to -- I've read all your papers, I think I have a handle on
6 what the facts are, I just want to be sure when we talk about
7 actual and constructive notice, we're talking about a legal
8 principle.

9 MR. HOLLEY: Correct.

10 THE COURT: And under California law, what is the
11 legal principle? Is it actual notice, is it constructive
12 notice, or is it reason to believe? What is the legal
13 principle that we're dealing with?

14 MR. HOLLEY: Well, we're dealing with both principles
15 because we -- it's our position, it's Kodak's position --

16 THE COURT: I'm talking only about the ownership
17 claims. We'll come back to the inventorship claims.

18 MR. HOLLEY: Well, yes, as of 2005, even giving every
19 benefit of the doubt to Apple and FlashPoint, as of 2005, when
20 the subpoenas showed up in the Sony Kodak litigation --

364601.TXT

21 THE COURT: Now, we're talking facts again.

22 MR. HOLLEY: But then they were on actual notice. I
23 would say that they were on constructive notice long before
24 that, because constructive -- you're on constructive notice
25 when you have reason to engage in a reasonable inquiry and had ♀

21

1 you engaged in that inquiry, you would've found out that you
2 had a claim.

3 THE COURT: What's the legal standard? Is it
4 reasonable inquiry, is it constructive notice, is it actual
5 notice, is it discovery, is it a discovery that a prudent
6 person would have made under all the circumstances? What's the
7 California rule that you're relying on?

8 MR. HOLLEY: Well, I think to not to repeat myself,
9 Your Honor, but we're relying on two prongs of California law.
10 One is that you can put on actual notice when somebody sends
11 you something like the Sony subpoena that tells you that Kodak
12 has patents and is asserting them.

13 You can also be on constructive notice under
14 California law when you have sufficient facts to cause a
15 reasonable person to engage in an inquiry which would lead you
16 to know that you have a claim. And I think under either of
17 those prongs, and certainly, you know, together, while both
18 Apple and FlashPoint were on notice of these claims long before
19 the four-year statute of -- you know, long prior to four years
20 earlier than today, Your Honor.

21 THE COURT: Now, the second category of claim are the
22 inventorship claims.

23 MR. HOLLEY: Correct, Your Honor.

24 THE COURT: They are either the inventor or the co-

364601.TXT

25 inventor. ♀

22

1 MR. HOLLEY: Correct.

2 THE COURT: And that arises under federal law, if I
3 understand it correctly, and that has no statute of
4 limitations, but is governed by the principle of laches.

5 MR. HOLLEY: I think that's correct, Your Honor.

6 THE COURT: And what is the principal of laches that
7 you're relying on that they had sufficient notice, knowledge,
8 reason to believe, what is the formulation that you're relying
9 on on the laches side?

10 MR. HOLLEY: Depending on which patent you're talking
11 about, Your Honor, we're relying on the fact that they had
12 actual notice in some situations, or for some of the patents,
13 they were on constructive notice, because they knew of parent
14 patents, and therefore, should've inquired about continuations
15 and divisions of those patents.

16 So even though the period of time is different in the
17 sense that there's the longest statute of limitations is four
18 years, and the presumptive period of laches is six years,
19 although the Court has equitable power to find laches in
20 shorter periods of time, given the circumstances. But the
21 triggering events for both the statute of limitations starting
22 to run in the period of laches starting to run are the same.

23 THE COURT: All right. What do I do with Patent
24 7,508,444 issued on March 24th, 2009?

25 MR. HOLLEY: Well -- ♀

23

1 THE COURT: No parent, as far as I can see, no
2 predecessor, at least in this record.

Exhibit B

USPTO PATENT FULL-TEXT AND IMAGE DATABASE



Searching US Patent Collection...

Results of Search in US Patent Collection db for:
((AN/"Eastman Kodak Company" AND ISD/19920101->20050810) AND SPEC/"electronic camera"): 254 patents.

Hits 1 through 50 out of 254

Next 50 Hits

Jump To

Refine Search

AN/"Eastman Kodak Company" AND ISD/1/1/1992->8/...

PAT. NO.	Title
1 6,919,920	Photographic system for enabling interactive communication between a camera and an attraction site
2 6,915,273	Method for providing customized photo products over a network using images captured from a digital camera
3 6,909,491	Electronic and film theatrical quality
4 6,909,461	Method and apparatus to extend the effective dynamic range of an image sensing device
5 6,907,194	Camera having continuously cropping viewfinder
6 6,903,762	Customizing a digital camera for a plurality of users
7 6,894,719	Method and apparatus for creating a preselected lenticular image
8 6,879,342	Electronic camera with image review
9 6,873,442	Method and system for generating a low resolution image from a sparsely sampled extended dynamic range image sensing device
10 6,873,336	Computer software product and method for organizing and manipulating of images
11 6,870,567	Camera having user interface with verification display and color cast indicator
12 6,868,190	Methods for automatically and semi-automatically transforming digital image data to provide a desired image look
13 6,867,807	Camera having single-button timed display of most-recently viewed image and default display of last verification image and method
14 6,864,917	Hybrid film-electronic camera having a dynamic number of stored electronic images protected from overwriting and method

- 15 [6,864,915](#) **T** [Method and apparatus for production of an image captured by an electronic motion camera/sensor that emulates the attributes/exposure content produced by a motion camera film system](#)
- 16 [6,862,039](#) **T** [Electronic camera including color tone adjustment of a real-time image](#)
- 17 [6,836,617](#) **T** [Purchasing configured photographic film products](#)
- 18 [6,822,756](#) **T** [Method of combining two digital images](#)
- 19 [6,813,046](#) **T** [Method and apparatus for exposure control for a sparsely sampled extended dynamic range image sensing device](#)
- 20 [6,812,962](#) **T** [System and apparatus for automatically forwarding digital images to a service provider](#)
- 21 [6,812,961](#) **T** [System and camera for automatically forwarding digital images to a service provider](#)
- 22 [6,801,719](#) **T** [Camera using beam splitter with micro-lens image amplification](#)
- 23 [6,795,650](#) **T** [Camera having shared optics for optical viewfinding and for electronic capture and display](#)
- 24 [6,791,605](#) **T** [Image capture and printing device](#)
- 25 [6,771,311](#) **T** [Automatic color saturation enhancement](#)
- 26 [6,765,611](#) **T** [Method for compressing an image from a sparsely sampled extended dynamic range image sensing device](#)
- 27 [6,760,128](#) **T** [Providing a payment schedule for utilizing stored images using a designated date](#)
- 28 [6,745,186](#) **T** [Product and method for organizing and searching digital images](#)
- 29 [6,738,095](#) **T** [Orientation-sensitive electronic vertical shutter release lock](#)
- 30 [6,731,952](#) **T** [Mobile telephone system having a detachable camera / battery module](#)
- 31 [6,730,515](#) **T** [Micro-array calibration means](#)
- 32 [6,724,990](#) **T** [Digital film recorder](#)
- 33 [6,724,427](#) **T** [Driving a memory display in an image memory card](#)
- 34 [6,721,459](#) **T** [Storing sharpness data using embedded carriers](#)
- 35 [6,681,042](#) **T** [Digital color image processing method](#)
- 36 [6,676,164](#) **T** [Personal postal product](#)
- 37 [6,671,401](#) **T** [Removing color moire patterns from digital images having known chromaticities](#)
- 38 [6,660,119](#) **T** [Producing a laminated scrapbook page](#)
- 39 [6,650,366](#) **T** [Digital photography system using direct input to output pixel mapping and resizing](#)
- 40 [6,646,246](#) **T** [Method and system of noise removal for a sparsely sampled extended dynamic range image sensing device](#)
- 41 [6,628,895](#) **T** [Apparatus and method for obtaining special images from a one time use camera](#)
- 42 [6,628,337](#) **T** [Electronic camera with internal temperature increase controlled](#)
- 43 [6,628,329](#) **T** [Correction of position dependent blur in a digital image](#)
- 44 [6,628,326](#) **T** [Wireless communication system for transmitting images from an enabled electronic camera to receiver](#)
- 45 [6,621,937](#) **T** [Removing chroma noise from digital images by using variable shape pixel neighborhood regions](#)
- 46 [6,619,860](#) **T** [Photobooth for producing digitally processed images](#)
- 47 [6,606,409](#) **T** [Fade-in and fade-out temporal segments](#)
- 48 [6,600,510](#) **T** [Transmitting digital images to a plurality of selected receivers over a radio frequency link](#)

49 [6,593,967](#)  [Electronic camera having dual clocked line memory](#)

50 [6,588,904](#)  [System for compensating for film flutter in a motion picture projector](#)



Exhibit C

USPTO PATENT FULL-TEXT AND IMAGE DATABASE



Searching US Patent Collection...

Results of Search in US Patent Collection db for:
((AN/"Eastman Kodak Company" AND ISD/19920101->20050810) AND SPEC/"digital camera"): 451 patents.

Hits 1 through 50 out of 451

Next 50 Hits

Jump To

Refine Search

AN/"Eastman Kodak Company" AND ISD/1/1/1992->8/...

PAT. NO.	Title
1	6,927,804 T Reducing color aliasing artifacts from color digital images
2	6,925,195 T Stabilization of three-dimensional images in a scannerless range imaging system
3	6,924,878 T Method of processing a roll of exposed photographic film containing photographic images into corresponding digital images and then distributing visual prints produced from the digital images
4	6,920,237 T Digital image processing method and computer program product for detecting human irises in an image
5	6,919,920 T Photographic system for enabling interactive communication between a camera and an attraction site
6	6,915,273 T Method for providing customized photo products over a network using images captured from a digital camera
7	6,915,074 T Index prints for photofinishing services
8	6,915,021 T Method and system for selective enhancement of image data
9	6,912,321 T Method of compensating a digital image for the effects of flare light
10	6,909,461 T Method and apparatus to extend the effective dynamic range of an image sensing device
11	6,907,194 T Camera having continuously cropping viewfinder
12	6,904,451 T Wireless networked presentation system
13	6,904,185 T Techniques for recursively linking a multiply modified multimedia asset to an original digital negative
14	6,903,762 T Customizing a digital camera for a plurality of users

- 15 [D505,684](#) **T** [Digital camera](#)
- 16 [6,900,836](#) **T** [Correcting defects in a digital image caused by a pre-existing defect in a pixel of an image sensor](#)
- 17 [6,899,030](#) **T** [Lithographic plate imaging system to minimize plate misregistration for multicolor printing applications](#)
- 18 [6,897,876](#) **T** [Method for transforming three color input signals to four or more output signals for a color display](#)
- 19 [6,895,103](#) **T** [Method for automatically locating eyes in an image](#)
- 20 [6,894,751](#) **T** [Process for making an optical compensator film comprising an anisotropic nematic liquid crystal](#)
- 21 [6,894,719](#) **T** [Method and apparatus for creating a preselected lenticular image](#)
- 22 [6,891,966](#) **T** [Method for forming a depth image from digital image data](#)
- 23 [6,890,690](#) **T** [Photographic article](#)
- 24 [6,886,015](#) **T** [Method and system for building a family tree](#)
- 25 [6,885,395](#) **T** [Selectively adjusting the resolution levels or the quality levels of digital images stored in a digital camera memory](#)
- 26 [6,885,380](#) **T** [Method for transforming three colors input signals to four or more output signals for a color display](#)
- 27 [6,883,146](#) **T** [Picture database graphical user interface utilizing map-based metaphors for efficient browsing and retrieving of pictures](#)
- 28 [6,879,342](#) **T** [Electronic camera with image review](#)
- 29 [6,878,919](#) **T** [Thin lightshield process for solid-state image sensors](#)
- 30 [6,873,442](#) **T** [Method and system for generating a low resolution image from a sparsely sampled extended dynamic range image sensing device](#)
- 31 [6,873,336](#) **T** [Computer software product and method for organizing and manipulating of images](#)
- 32 [6,870,564](#) **T** [Image processing for improvement of color registration in digital images](#)
- 33 [6,870,547](#) **T** [Method and apparatus for rendering a low-resolution thumbnail image suitable for a low resolution display having a reference back to an original digital negative and an edit list of operations](#)
- 34 [6,867,807](#) **T** [Camera having single-button timed display of most-recently viewed image and default display of last verification image and method](#)
- 35 [6,866,367](#) **T** [Ink jet printing system using a fiber optic data link](#)
- 36 [6,865,297](#) **T** [Method for automatically classifying images into events in a multimedia authoring application](#)
- 37 [6,864,917](#) **T** [Hybrid film-electronic camera having a dynamic number of stored electronic images protected from overwriting and method](#)
- 38 [6,864,915](#) **T** [Method and apparatus for production of an image captured by an electronic motion camera/sensor that emulates the attributes/exposure content produced by a motion camera film system](#)
- 39 [6,864,665](#) **T** [Battery state monitoring device and electronic device fitted with such device](#)
- 40 [6,861,635](#) **T** [Blooming control for a CMOS image sensor](#)
- 41 [6,856,427](#) **T** [System for printing correct exposure in a rendered digital image](#)
- 42 [6,856,355](#) **T** [Method and apparatus for a color scannerless range image system](#)
- 43 [6,850,248](#) **T** [Method and apparatus that allows a low-resolution digital greeting card image or](#)

[digital calendar image to contain a link to an associated original digital negative and edit list](#)

44 [6,847,733](#) **T** [Retrieval and browsing of database images based on image emphasis and appeal](#)

45 [6,845,181](#) **T** [Method for processing a digital image to adjust brightness](#)

46 [6,836,834](#) **T** [Memory card having one-time programmable memory](#)

47 [6,836,617](#) **T** [Purchasing configured photographic film products](#)

48 [6,836,345](#) **T** [Method for including traditional photographic calibration into digital color management](#)

49 [6,832,006](#) **T** [System and method for controlling image compression based on image emphasis](#)

50 [6,830,306](#) **T** [Compensating for drop volume variation in an inkjet printer](#)



Exhibit D

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NEW YORK

EASTMAN KODAK COMPANY,

Plaintiff and Counter-Defendant,

v.

APPLE INC.,

Defendant and Counter-Plaintiff.

Case No. 6:10-cv-06021

**PLAINTIFF EASTMAN KODAK COMPANY'S OPPOSITION TO APPLE INC.'S
MOTION TO LIFT THE STAY FOR THE LIMITED PURPOSE OF PURSUING ITS
STATE LAW COUNTERCLAIMS**

TABLE OF CONTENTS

	<u>Page(s)</u>
I. INTRODUCTION	1
II. PROCEDURAL HISTORY	1
A. Kodak’s ‘218 Litigation and the ITC ‘703 Proceeding	1
B. Apple’s Assertion of Ownership In The ITC ‘703 Proceeding	3
C. Apple’s Compulsory Counterclaims Are Predicated On Ownership Of The ‘218 Patent	4
D. Judge Ware’s Order Finding That Apple’s State Law Claims Are Dependent On a Determination of Ownership of the ‘218 Patent	5
E. Apple’s Amended Answer And Counterclaims	5
III. ARGUMENT	7
A. Litigation of Apple’s Compulsory Counterclaims Involves the “Same Issues” As Kodak’s Infringement Claims	7
B. Judicial Economy Can Be Achieved Only By Trying All Related Claims Simultaneously	10
IV. CONCLUSION	12

TABLE OF AUTHORITIES

Page(s)

CASES

Bio-Technology General Corp. v. Genentech, Inc.
80 F.3d 1553 (Fed. Cir. 1996) 9

Landis v. N. America Co.
299 U.S. 248 (1936) 11

Pandrol USA, LP v. Airboss Railway Products, Inc.
320 F.3d 1354 (Fed. Cir. 2003) 7, 9

In Re Princo
486 F.3d 1365 (Fed. Cir. 2007) 8

SanDisk Corp. v. Phison Electronics Corp.
538 F. Supp. 2d 1060 (W.D. Wisc. 2008) 8, 10, 11

Texas Instruments v. Cypress Semiconductor Corp.
90 F.3d 1558 (Fed. Cir. 1996) 9, 10

FEDERAL STATUTES

28 U.S.C. § 1659 *passim*

35 U.S.C. § 281 9

I. INTRODUCTION

Apple asks the Court to take the unprecedented action of allowing Apple to proceed separately on its ownership-based claims against Kodak related to the ‘218 patent, while staying Kodak’s ability to pursue its infringement claims against Apple *relating to that same patent*.

Apple presents no authority in support of its request, and there is none. Apple’s request rests instead on a single fallacy: that its ownership claims are somehow not related to Kodak’s infringement claims and, thus, “will not be rendered moot by the ITC’s finding on infringement or invalidity[.]” (Mot. at 9.) To the contrary. Ownership is a threshold issue for any patent infringement action. Kodak asserts—and Apple disputes—that it owns the ‘218 patent. Apple’s state law claims are **each** premised on Apple’s purported ownership of the ‘218 patent. The ‘218 patent is the subject of a pending International Trade Commission (“ITC”) proceeding, Investigation No. 337-TA-703 (“ITC ‘703 Proceeding”). Based on the pendency of that proceeding, Apple requested that this Court impose a stay prohibiting Kodak from litigating its infringement claims in this forum until final determination of the ITC action.

Because Apple’s claims “involve[] the same issues” as Kodak’s infringement claim—which is itself predicated on Kodak’s ownership of the ‘218 patent—28 U.S.C. § 1659 mandates that the stay Apple sought apply to all claims before this Court. The ITC’s final ruling will help this Court adjudicate Kodak’s infringement claim against Apple, as well as Apple’s related ownership claims against Kodak, and single adjudication of all related claims will promote judicial economy, reduce the burdens on the parties, and minimize duplication. On this basis, the Court should deny Apple’s motion.

II. PROCEDURAL HISTORY

A. **Kodak’s ‘218 Litigation and the ITC ‘703 Proceeding.**

On January 14, 2010, Kodak filed this case against Apple claiming infringement of U.S. Patent No. 6,292,218 (“‘218 patent”), as well as U.S. Patent No. 5,493,335 (“‘335 patent”). (Docket No. 1.) Kodak alleges, in relevant part, that Apple’s 3GS iPhone infringes the ‘218

patent, and that Kodak owns the ‘218 patent. (*Id.* ¶ 7.) On the same day, Kodak filed the ITC ‘703 Proceeding, alleging Apple infringed the ‘218 patent. (Condon Decl. ¶ 2.)

In its answers in this action and in the ITC ‘703 Proceeding, Apple denied that Kodak was the rightful owner of the ‘218 patent. (Docket No. 17, Apple’s Answer and Counterclaims, ¶¶ 7, 37-48; Condon Decl. ¶ 4.)

On March 3, 2010, pursuant to 28 U.S.C. 1659 (“Section 1659”),¹ Apple filed a motion to stay this litigation pending the final outcome of the ITC proceeding. Apple also sought a stay of the ‘335 infringement claims—notwithstanding the fact that those claims were not the subject of an ITC proceeding—based on Apple’s purported interests in preserving judicial economy and preventing inefficiency, waste, and duplication of resources:

A stay of this case pending the final outcomes of the ITC . . . proceeding[] would substantially advance the interests of judicial economy while reducing the burden on the Court and the parties. Indeed, a stay will ensure that the parties do not litigate the same issues at essentially the same time in the ITC and in this Court. And, while the stay is pending, the ITC litigation will enable the parties to obtain significant discovery and litigate issues that are pertinent to this case. The parties (as well as this Court) will likewise obtain the benefit of the ITC’s . . . rulings. As a result, the wisdom gained from the ITC . . . proceeding[] during a stay may narrow or eliminate, disputes pending in this case.

Further, Kodak will not be harmed by a stay. . . . To the contrary, Kodak, along with the Court and Apple, will benefit from the efficiencies gained from the requested temporary stay of this case. Indeed, if a stay is not granted, the parties will engage in duplicative (and possibly needless) discovery and litigation in the ITC and in this case. Because a stay would avoid duplicative and wasteful litigation of similar issues in multiple fora, Apple respectfully requests that the Court []stay this case in its entirety until the date that the ITC determination becomes final[.]

(Docket No. 18, at 3-4.) On March 25, 2010, Apple and Kodak stipulated to stay this litigation pending a final decision in the ITC ‘703 Proceeding. (Docket No. 21, Stipulation and Order to Stay.)

¹ 28 U.S.C. § 1659 (“Section 1659”) mandates that, upon a timely request by a party to both actions, a district court stay “until the determination of the [International Trade] Commission becomes final, proceedings in the civil action with respect to any claim that *involves the same issues* involved in the proceeding before the Commission[.]” (emphasis added.)

B. Apple's Assertion of Ownership In The ITC '703 Proceeding.

Apple and Kodak both engaged in extensive discovery in the ITC '703 Proceeding, including deposing over 60 witnesses and producing over 3.5 million pages of documents. (Condon Decl. ¶ 5.) Fact discovery closed on June 30, 2010. (Condon Decl. ¶ 5.) On August 4, 2010, Apple filed its pre-hearing statement, asserting that it was the "rightful owner of the '218 patent" based upon the same alleged agreements and documents now underlying its counterclaims in this action. (Condon Decl. ¶ 6.)

Before the trial in the ITC '703 Proceeding, Kodak moved *in limine* to preclude Apple from introducing evidence that it owned the '218 patent, arguing that because Apple's affirmative defense was untimely, Kodak did not have sufficient time to develop evidence relating to Apple's contention it owned the '218 patent. (Condon Decl. ¶ 7.) In its opposition, Apple asserted that Kodak would not be prejudiced by admission of Apple's ownership defense ***because ownership is a threshold issue for a patent infringement action.*** Thus, Apple claimed that "Kodak must prove as part of its case-in-chief that Kodak—and not Apple—owns the '218 patent. Without such a showing, Kodak lacks standing and cannot invoke the jurisdiction of this Commission." (Condon Decl. ¶ 8.) Apple further argued that the parties had engaged in substantial discovery on the ownership issue, and that Apple had developed the evidence it needed to present its defense. (*Id.*) The ITC agreed with Apple, and allowed Apple to present evidence at trial that it owned the '218 patent. (Condon Decl. ¶ 9.)

Chief Administrative Law Judge Paul J. Luckern held a six-day evidentiary hearing in the ITC '703 Proceeding in September 2010, during which Apple introduced evidence purportedly in support of its ownership defense, based on the same 1994 letter agreement that is the subject of its counterclaims, here. (Condon Decl. ¶ 10.)

On January 24, 2011, Chief ALJ Luckern issued his initial determination in the ITC '703 Proceeding. In response to Apple's ownership defenses, Chief ALJ Luckern ruled in Kodak's favor. (Condon Decl. ¶ 11.)

C. Apple’s Compulsory Counterclaims Are Predicated On Ownership Of The ‘218 Patent.

On August 25, 2010, Apple filed a complaint in California state court against Kodak (the “California Litigation”), asserting state statutory and common claims and seeking a declaration of ownership of the ‘218 patent—the identical patent at issue in this litigation. (Ferguson Decl. Ex. 1.)²

Apple’s complaint in the California Litigation asserted that the ‘218 patent is based on a digital camera architecture developed by Apple in the early 1990s and shared with Kodak and, thus, that Apple—not Kodak—is the rightful owner of the ‘218 patent. Apple also alleged, based on the same ownership claim, that Kodak breached its non-disclosure agreements with Apple, unlawfully converted Apple’s property, breached its duty of confidence to Apple and engaged in unfair competition. Apple’s complaint and each of Apple’s state law claims were premised on Apple’s contention that it is “the rightful owner of the ‘218 patent.” (Ferguson Decl. Ex 1, ¶ 11.)

On October 8, 2010, Kodak moved to dismiss (or, alternatively, transfer) the California Litigation on the ground that Apple’s ownership based claims were compulsory counterclaims to Kodak’s infringement action in this Court. On December 23, 2010, Apple moved to compel Kodak’s responses to 14 interrogatories and 61 document requests it issued in the California Litigation. Apple asserted that Kodak’s immediate responses to the discovery were crucial because Apple’s claims directly related to the pending ITC ‘703 Proceeding:

Moreover, this discovery is particularly important because this litigation should be heard before a final determination in the U.S. International Trade Commission’s (“ITC”) investigation currently pending between Apple and Kodak (Investigation No. 337-TA-703) (the “ITC Investigation”) **where Kodak is accusing Apple of infringing this very patent.** . . . While certain aspects of Apple’s claims pending in this lawsuit are asserted as affirmative defenses in the ITC Investigation, Apple is not able to have its counterclaims adjudicated in the ITC Investigation. . . . **Apple’s claims in this case bear on infringement issues relating to the ‘218 Patent.** Because the ITC is likely to rule on the infringement

² On September 15, Kodak removed the California Litigation to federal court on diversity grounds. (Ferguson Decl. ¶ 4.)

issue by May 2011, it is imperative that a judicial forum hear Apple's claims before the ITC makes a decision that could have an adverse effect on Apple's business and without due consideration of the instant issues.

(Condon Decl. Ex. A, at 2:5-11, 2:22-3:1, 8:3-6 (emphasis added).) In its reply brief, Apple reiterated that the discovery it sought was necessary because of the relationship between Apple's state law claims and the pending ITC proceeding. (Condon Decl. Ex. B, Apple Reply ISO MTC at 2:27-3:1 ("Prompt resolution of these claims may, in turn, provide remedies to Apple that will impact the enforcement of any ruling forthcoming from the ITC").)

D. Judge Ware's Order Finding That Apple's State Law Claims Are Dependent On a Determination of Ownership of the '218 Patent.

On February 1, 2011, Judge Ware issued an order staying the California Litigation and finding that all of Apple's claims are compulsory counterclaims to Kodak's infringement claim in this case:

[A]ll of [Apple's] claims in this action are 'logically connected' to [Kodak's] claims against [Apple] in the New York Action. In the New York Action, [Kodak] alleges that [Apple] is liable for infringement of the '218 Patent, [Apple] disputes [Kodak's] ownership of the '218 Patent, and [Apple] alleges that it has a license over one or more of the patents in suit. Similarly here, [Apple] requests, *inter alia*, a declaration that it is the rightful owner of the '218 Patent and restitution for all amounts which [Kodak] received as a result of claiming ownership of the '218 Patent. ***In both suits, the claims are dependent on the determination of the '218 Patent's rightful owner.***

(Condon Decl. Ex. C, Ware Order at 4:17-5:13 (emphasis added).) Judge Ware stayed the California Litigation for 60 days to allow Apple to seek leave to amend and file its counterclaims before this Court; on March 30, 2011, after obtaining the requested leave to amend and file from this Court, Apple dismissed the California Litigation. (Condon Decl. ¶ 15.)

E. Apple's Amended Answer And Counterclaims.

On March 25, Apple filed its amended answer and counterclaims before this Court, asserting the same state law claims previously raised in the California action. Thus, each of Apple's counterclaims is "dependent on the determination of the '218 Patent's rightful owner" (Ware Order at 5:12-13):

- Apple alleges generally that after Kodak filed this litigation, "Apple launched an

extensive internal investigation into Apple's prior relationship with Kodak in the 1990s to determine what Apple disclosed to Kodak concerning the development of digital camera technology. Apple's investigation, . . . revealed that Apple is the rightful owner of the '218 patent pursuant to disclosures made by Apple to Kodak and contracts made between the parties in the early 1990s." (Docket No. 23, Answer ¶ 41 (emphasis added));

- Apple's fifth counterclaim³ for breach of contract (previously asserted as its first cause of action in the California Litigation, *see* Ferguson Decl. Ex. 1, ¶ 38) alleges that Kodak breached the 1991 and 1994 agreements "by unlawfully claiming ownership of the '218 patent" (*id.* ¶ 82 (emphasis added));
- Apple's sixth counterclaim for conversion (previously asserted as its second cause of action in the California Litigation, *see* Ferguson Decl. Ex. 1, ¶ 42) alleges that "Apple had ownership rights to the intellectual property it disclosed to Kodak in the early 1990s . . . [and] Kodak intentionally took possession of Apple's intellectual property . . . and in claiming ownership to the '218 patent, prevented Apple from having access to its intellectual property" (*id.* ¶ 86 (emphasis added));
- Apple's seventh counterclaim for declaration of ownership (previously asserted as its third cause of action in the California Litigation, *see* Ferguson Decl. Ex. 1, ¶ 48) "requests that . . . Apple be declared the rightful owner of the '218 patent" (*id.* ¶ 92 (emphasis added));
- Apple's eighth counterclaim for California statutory unfair competition (previously asserted as its fourth cause of action in the California Litigation, *see* Ferguson Decl. Ex. 1, ¶ 51-56) alleges that Kodak "used Apple's disclosure [of digital camera technology] to prosecute an application for a U.S. patent, and claimed Apple's technology as its own . . . which constitutes unfair competition" (*id.* ¶¶ 93-99 (emphasis added));
- Apple's ninth counterclaim for New York deceptive business acts alleges that Kodak "misled the PTO into granting it the '218 patent" by "failing to disclose . . . that the invention . . . originated within Apple" (*id.* ¶ 105 (emphasis added));
- Apple's tenth counterclaim for common law unfair competition (previously asserted as its fourth cause of action in the California Litigation, *see* Ferguson Decl. Ex. 1, ¶ 51-56) alleges that Kodak "unlawfully used Apple's confidential disclosures to prosecute an application for a U.S. patent and thereby passed off Apple's technology as its own" (*id.* ¶ 109 (emphasis added));

³ Apple's first through fourth counterclaims seek a declaration of noninfringement and invalidity as to the '218 and '335 patents and were asserted as counterclaims in Apple's original answer. (*Compare id.* ¶¶ 69-80 *with* Docket No. 17 at ¶¶ 37-48.)

- Apple’s eleventh counterclaim for breach of confidence (previously asserted as its fifth cause of action in the California Litigation, *see* Ferguson Decl. Ex. 1, ¶ 61) alleges that “Kodak breached its duty of confidence in using Apple’s confidential information to conceive the alleged invention claimed in the ‘218 patent” (*id.* ¶ 116);

III. ARGUMENT

A. Litigation of Apple’s Compulsory Counterclaims Involves the “Same Issues” As Kodak’s Infringement Claims.

Apple argues that although Section 1659 mandates a stay Kodak’s infringement claim, its ownership-based counterclaims do not “involve[] the same issues” (Mot. at 6) as the pending ITC proceeding. Unsurprisingly, Apple provides no support for its argument, as there is none. The claims and counterclaims before this court are predicated on ownership of the ‘218 patent, a federal judge adjudicated that Apple’s ownership-based state law claims are “logically connected” to Kodak’s ‘218 infringement claims, and Apple has admitted that its claims directly relate to the pending ITC proceeding. Thus, Section 1659 mandates that this action be stayed until the final determination of the ITC ‘703 Proceeding.

Ownership of the ‘218 patent is a threshold issue for Kodak’s patent infringement claim. 35 U.S.C. § 281 (only a “patentee shall have a remedy by civil action for infringement of his patent”); *Pandrol USA, LP v. Airboss Ry. Products, Inc.*, 320 F.3d 1354, 1367 (Fed. Cir. 2003) (“ownership of the patent . . . is a necessary prerequisite to winning a judgment of infringement”).⁴ Indeed, Apple admits that ownership is a threshold issue before this Court and in the 703 ITC Proceeding: “Kodak must prove as part of its [infringement] case-in-chief that Kodak—and not Apple—owns the ‘218 patent. ***Without such a showing, Kodak lacks standing[.]***” (Condon Decl. ¶ 8 (emphasis added).)

Apple’s state law claims are also “dependent on the determination of the ‘218 Patent’s rightful owner.” (Ware Order at 5:2-13.)⁵ Moreover, Apple admitted in California that its state

⁴ Indeed, **Apple** has already placed ownership directly at issue in this litigation by denying Kodak’s claim of ownership. (Docket Nos. 17 & 23, Answer ¶ 7.)

⁵ Thus, for example, Judge Ware found that “[Apple] requests, *inter alia*, a declaration that it is the rightful owner of the ‘218 Patent and restitution for all amounts which [Kodak] received as a

law claims directly related to the 703 ITC Investigation—a position directly contrary to the one it now asserts before this Court. (Condon Decl. Ex. C, 2:5-11; 8:3-6 (emphasis added).)

Even the case Apple cites contradicts its position.⁶ In *SanDisk Corp. v. Phison Electronics Corp.*, 538 F. Supp. 2d 1060 (W.D. Wisc. 2008) (cited Mot. at 5-7), SanDisk filed two patent infringement lawsuits against overlapping defendants in Western District of Wisconsin. The patents asserted in the first lawsuit were the subject of a parallel ITC proceeding; the patents asserted in the second lawsuit were not. The first lawsuit was stayed pursuant to Section 1659. Because the patents asserted in the second lawsuit were “different from those . . . now before the International Trade Commission,” Section 1659 “[did] not require that [the second case] be stayed”:

[t]he statutory language and legislative history of § 1659 establish that a stay is required only when parallel claims involve the same issues about the same patent. Because the patents involved in [the second case] are not before the commission, § 1659 does not require a stay in that case.

result of claiming ownership of the ‘218 Patent.” (Ware Order at 5:2-13.) Each of Apple’s recently asserted counterclaims is similarly predicated on Apple’s purported ownership of the ‘218 patent. Apple’s fifth counterclaim for breach of contract requires that Apple prove that the ‘218 patent was based on information disclosed by Apple to Kodak pursuant to an agreement entered into between the parties, and that Kodak breached the agreement “by unlawfully claiming ownership of the ‘218 patent” (Docket No. 23, Answer ¶ 82); Apple’s sixth counterclaim for conversion requires that Apple prove that “Apple had ownership rights to the intellectual property . . . [and] Kodak intentionally took possession of Apple’s intellectual property . . . and in claiming ownership to the ‘218 patent, prevented Apple from having access to its intellectual property” (*id.* ¶ 86); Apple’s seventh counterclaim for declaration of ownership seeks a declaratory judgment that Apple is “the rightful owner of the ‘218 patent” (*id.* ¶ 92); Apple’s eighth, ninth and tenth counterclaims for statutory and common law unfair competition requires that Apple prove that Kodak “passed off Apple’s technology as its own” (*id.* ¶¶ 93-110); and Apple’s eleventh counterclaim for breach of confidence requires that Apple prove that Kodak “use[d] Apple’s confidential information to conceive the alleged invention claimed in the ‘218 patent” (*id.* ¶ 116).

⁶ Apple’s citation to *In Re Princo*, 486 F.3d 1365, 1368 (Fed. Cir. 2007) (cited Mot. at 6-7) utterly fails to support the proposition for which Apple cites it. *Princo* holds that because the purpose of Section 1659 “is to avoid duplicative proceedings,” the words “becomes final” in that statute refer to “finality after judicial review.” *Id.* at 1368. The court did not address (and was not asked to address) what claims “involve[] the same issues” as claims pending before the ITC, and certainly made no finding that only “infringement proceedings” are subject to a Section 1659 stay.

Id. at 1062, 1065.⁷ Here, of course, Apple’s compulsory counterclaims are predicated on Apple’s claims of ownership over the ‘218 Patent, and, thus, “involve the same issues about the same patent.” *Id.*⁸

Finally, Apple’s argument that the ITC’s findings in the ITC ‘703 Proceeding “will not render moot or help this Court decide any of Apple’s state law claims” (Mot. at 8) is both irrelevant and erroneous. Whether a pending ITC proceeding stays a parallel civil action does not depend on whether the ITC proceeding “render[s] moot” the civil action—it generally does not. *Texas Instruments v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1568-69 (Fed. Cir. 1996) (ITC’s findings lack preclusive effect); *Bio-Technology Gen. Corp. v. Genentech, Inc.*, 80 F.3d 1553, 1564 (Fed. Cir. 1996) (no claim preclusion following ITC action). The only relevant question is whether the cases “involve[] the same issues” as the pending ITC proceeding. 28 U.S.C. § 1659. Here, Apple’s counterclaims involve the same ownership claims directly at issue in the ITC ‘703 Proceeding, and are subject to the same stay Apple previously requested that this Court enter.

Apple’s argument is also wrong. The policy underlying Section 1659 is to avoid duplicative litigation over the same or related issues. (Ferguson Decl. Ex. 4, at page 105, *124.) To achieve that goal, ITC findings inform federal courts, which may consider those findings for

⁷ Nonetheless, the district court stayed the lawsuit pursuant to its discretionary authority because the patents, parties, and claims were related and, thus, judicial economy would be served by litigating all claims at the conclusion of the ITC proceeding. *Id.* at 1066-67.

⁸ Apple also cites the legislative history of Section 1659. (Mot. at 4.) That legislative history provides no support for Apple’s argument that counterclaims compulsory to an infringement action may proceed where the infringement claim is stayed under Section 1659. The legislature explained that Section 1659 “requires a district court hearing an infringement claim to stay its proceeding . . . with respect to any claim that involves the same issues as those pending before the Commission . . . [s]uch [as] . . . any defenses that might be raised in both proceedings.” (Ferguson Decl. Ex. 4 at * 143, Page 106.) Ownership, and disputes related to ownership, are clearly defenses to an infringement action, were asserted by Apple in this action as well as the ‘703 ITC action, and are directly implicated by Section 1659. 35 U.S.C. § 281; *Pandrol USA, LP v. Airboss Ry. Products, Inc.*, 320 F.3d 1354, 1367 (Fed. Cir. 2003). (See also Docket No. 23, ¶ 7 & ¶¶ 31-118; Condon Decl. ¶ 8.)

their “persuasive value.” *Texas Instruments*, 90 F.3d at 1569-70; *SanDisk*, 538 F.Supp. 2d at 1066-67 (“The record developed in the proceeding before the commission may be used to ‘expedite proceedings and provide useful information to the [civil] court.’”). In Apple’s words—when a stay was in its own interest—“the wisdom gained from the ITC’s findings will narrow or eliminate, disputes pending in this case.” (Docket No. 18, at 3-4.) The same is true of Apple’s compulsory counterclaims. For example, if the ITC determines that Kodak owns the ‘218 patent, that finding will shape this Court’s determination of whether Kodak can be liable for misappropriation or breach of contract. Thus, the very interests in judicial economy and preventing inefficiency, waste, and duplication of resources Apple asserted when it sought a stay of Kodak’s infringement claim can only be preserved by staying Apple’s “logically connected” counterclaims. *Id.* (See also Ware Order at 5:2-13; Docket No. 18, at 3-4.)

Kodak agreed to a limited lift of the stay in this Court so Apple could timely assert its state claims as compulsory counterclaims. It did not agree to allow Apple to actively litigate those claims, while Kodak’s hands remain tied by a statutorily-mandated stay. Section 1659 does not compel such a result, and Apple’s motion should be denied.

B. Judicial Economy Can Be Achieved Only By Trying All Related Claims Simultaneously.

Apple argues that “[a]llowing Apple’s counterclaims to proceed while Kodak’s duplicative infringement claims remain stayed will streamline this case . . . [and] save time and resources[.]” (Mot. at 10-11.) Apple, of course, does not cite a single case in which one party is allowed to actively pursue its claims while its opponent is prevented from litigating directly related claims. As demonstrated above, Apple’s counterclaims are directly and “logically connected” to Kodak’s infringement claim and the ITC ‘703 Proceeding. (Ware Order at 5:3-4.) Allowing Apple’s counterclaims to proceed while crippling Kodak’s ability to adjudicate its own dependent claims would prejudice Kodak, force the parties to litigate the same issues multiple times, and waste judicial and party resources.

Even assuming that Apple’s counterclaims are not subject to a mandatory Section 1659

stay—which they are—this Court should exercise its inherent power and stay Apple’s claims. *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936) (a court has broad discretion to stay proceedings as part of its inherent power “to control . . . its docket” in the interest of “economy of time and effort for itself, for counsel, and for litigants”). The *SanDisk* court addressed this very issue, and concluded that a discretionary stay pending the outcome of a related ITC investigation—even where that proceeding related to different patents altogether—was warranted in the interests of judicial economy and preservation of resources:

The proceeding before the commission will address infringement of the same products against the same defendants[.] . . . Moreover, the two patents at issue in this case share prosecution history, a specification, some prior art and certain claim terms. . . . In light of the overlap of products and issues, the cases are likely to overlap substantially in discovery and factual and legal disputes. To allow [one litigation] to proceed while [the related litigation] has been stayed awaiting the commission’s investigation would impose a burden on the court and on defendants. Not only would parallel proceedings be burdensome, but waiting for the commission to complete its investigation may help simplify this case . . . the record developed in the proceeding before the commission may be used to “expedite proceedings and provide useful information to the court.”

538 F.Supp.2d at 1066-67.⁹

The same reasons supporting imposition of a Section 1659 stay of Apple’s counterclaims favor imposing a discretionary stay of those claims. Apple’s counterclaims and Kodak’s infringement action will both address ownership of the same patent. The claims are likely to overlap substantially in discovery, factual, and legal disputes. To allow Apple’s counterclaims to proceed while staying Kodak’s infringement claim “would impose a burden on the court and on [Kodak].” *Id.* at 1067. Thus, Kodak requests that this Court exercise its discretion and stay Apple’s counterclaims pending final determination in the ITC ‘703 Proceeding.¹⁰

⁹ The *SanDisk* judge found that “when a parallel proceeding serves as the basis for a stay and the only potential ‘damage worked’ is to parties to both proceedings, there is no need for a party requesting a stay to make a special showing of hardship under *Landis*.” *Id.* at 1066.

¹⁰ Notably, Apple—unlike the plaintiff in *SanDisk*—does not raise an argument that it will somehow be prejudiced if its counterclaims are stayed. It will not be.

IV. CONCLUSION

For the reasons set forth above, Apple's motion for a limited lift of the stay in this case should be denied.

Dated: April 12, 2011

Admitted Pro Hac Vice:

Michael J. Bettinger
Rachel R. Davidson
Mikal J. Condon
K&L GATES LLP
Four Embarcadero Center, Suite 1200
San Francisco, CA 94111
Tel: (415) 882-8200
Fax: (415) 882-8220
Email: michael.bettinger@klgates.com
rachel.davidson@klgates.com
mikal.condon@klgates.com

Michael J. Abernathy
K&L GATES LLP
70 West Madison St., Ste. 3100
Chicago, IL 60602-4207
Tel: (312) 372-1121
Fax: (312) 287-8000
Email: mike.abernathy@klgates.com

Douglas B. Greenswag
K&L GATES LLP
925 Fourth Avenue, Suite 2900
Seattle, WA 98104-1158
Tel: (206) 623-7580
Fax: (206) 370-6188
Email: douglas.greenswag@klgates.com

By: /s/ Michael J. Bettinger

Paul J. Yesawich, III
Neal L. Slifkin
Laura W. Smalley
HARRIS BEACH PLLC
99 Garnsey Road
Pittsford, NY 14534
Tel: (585) 419-8800
Fax: (585) 419-8813
Email: pyesawich@harrisbeach.com
nslifkin@harrisbeach.com
lsmalley@harrisbeach.com

Attorneys for Plaintiff
EASTMAN KODAK COMPANY

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on April 12, 2011, the attached document was served on all counsel of record by electronic transmission. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.



Dated: April 12, 2011

Perry C. Brooks