

Steven L. Holley
Andrew G. Dietderich
Brian D. Glueckstein
Michael H. Torkin
SULLIVAN & CROMWELL LLP
125 Broad Street
New York, New York 10004
Telephone: (212) 558-4000
Facsimile: (212) 558-3588

Hearing Date: September 19, 2012 at 11:00 a.m.

*Counsel to the Debtors and
Debtors in Possession*

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

In re:)	Chapter 11
)	
EASTMAN KODAK COMPANY, <i>et al.</i> , ¹)	Case No. 12-10202 (ALG)
)	
Debtors.)	(Jointly Administered)
)	
)	
EASTMAN KODAK COMPANY, Plaintiff,)	
v.)	
)	Adv. Proc. No. 12-01720 (ALG)
APPLE INC. AND)	
FLASHPOINT TECHNOLOGY, INC.,)	
Defendants.)	

**PLAINTIFF EASTMAN KODAK COMPANY’S REPLY IN FURTHER SUPPORT
OF ITS RENEWAL OF ITS MOTION FOR SUMMARY JUDGMENT**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Eastman Kodak Company (7150); Creo Manufacturing America LLC (4412); Eastman Kodak International Capital Company, Inc. (2341); Far East Development Ltd. (2300); FPC Inc. (9183); Kodak (Near East), Inc. (7936); Kodak Americas, Ltd. (6256); Kodak Aviation Leasing LLC (5224); Kodak Imaging Network, Inc. (4107); Kodak Philippines, Ltd. (7862); Kodak Portuguesa Limited (9171); Kodak Realty, Inc. (2045); Laser-Pacific Media Corporation (4617); NPEC Inc. (5677); Pakon, Inc. (3462); and Qualex Inc. (6019). The location of the Debtors’ corporate headquarters is: 343 State Street, Rochester, NY 14650.



TABLE OF CONTENTS

	<u>Page</u>
REPLY	1
I. APPLE AND FLASHPOINT FAIL TO REFUTE THAT THEY HAD NOTICE OF THE REMAINING KODAK PATENTS AT ISSUE.....	2
A. Apple and FlashPoint Were on Inquiry Notice of the Remaining Claimed Kodak Patents.....	2
B. The Record Establishes Apple and FlashPoint Could Have Reasonably Searched and Identified the Remaining Claimed Kodak Patents.	8
II. NOTICE OF THE ‘924 PATENT AND THE ‘927 PATENT PUT APPLE AND FLASHPOINT ON INQUIRY NOTICE OF MORE RECENTLY ISSUED CHILD PATENTS.....	10
III. KODAK WOULD BE PREJUDICED BY LITIGATING APPLE’S AND FLASHPOINT’S REMAINING OWNERSHIP CLAIMS NOW.....	13
CONCLUSION.....	15

TABLE OF AUTHORITIES

CASES	Page(s)
<i>Acushnet Co. v. Dunlop Maxfli Sports Corp.</i> , No. CIV. A. 98-717-SLR, 2000 WL 987979 (D. Del. June 29, 2000).....	7, 8
<i>Advanced Cardiovascular Sys., Inc. v. Scimed Life Sys., Inc.</i> , 988 F.2d 1157 (Fed. Cir. 1993).....	2, 3
<i>Aguayo v. Universal Instruments Corp.</i> , 356 F. Supp. 2d 699, 752 (S.D. Tex. 2005)	8
<i>Alfaro v. Cmty. Hous. Improvement Sys. & Planning Assoc., Inc.</i> , 124 Cal. Rptr. 3d 271 (Cal. Ct. App. 2009).....	14
<i>Bd. of Trs. of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.</i> , 583 F.3d 832 (Fed. Cir. 2009).....	12, 13
<i>E-Fab, Inc. v. Accountants, Inc. Servs.</i> , 64 Cal. Rptr. 3d 9 (Cal. Ct. App. 2007).....	3
<i>Falana v. Kent State Univ.</i> , 69 F.3d 1349 (Fed. Cir. 2012).....	12
<i>Hor v. Chu</i> , 765 F. Supp. 2d 903 (S.D. Tex. 2011)	12
<i>Johnson & Johnson Assocs. Inc. v. R.E. Serv. Co.</i> , 285 F.3d 1046 (Fed. Cir. 1993).....	12
<i>Mahmood v. Research in Motion Ltd.</i> , No. 11 Civ. 5345(KBF), 2012 WL 242836 (S.D.N.Y. Jan. 24, 2012)	3, 12
<i>Miller v. Bechtel Corp.</i> , 663 P.2d 177 (Cal. 1983)	14
<i>Moore v. Broadcom Corp.</i> , No. 06 CIV 05647, 2008 WL 425932 (N.D. Cal. Feb. 14, 2008).....	12
<i>Norgart v. Upjohn Co.</i> , 981 P.2d 79 (Cal. 1999)	3
<i>PSN Illinois, Inc. v. Ivoclar Vivadent, Inc.</i> , 398 F. Supp. 2d 902, 910 (N.D. Ill. 2005)	8

TABLE OF AUTHORITIES

(continued)

	<u>Page(s)</u>
<i>Serdarevic v. Advanced Med. Optics, Inc.</i> , No. 06 CIV 7107(DLC), 2007 WL 2774177 (S.D.N.Y. Sept. 25, 2007), <i>aff'd</i> , 532 F.3d 1352 (Fed. Cir. 2008).....	3
<i>Stark v. Advanced Magnetics, Inc.</i> , 29 F.3d 1570 (Fed. Cir. 1994).....	11, 12
<i>Univ. of Rochester v. G.D. Searle & Co., Inc.</i> , 375 F.3d 1303 (Fed. Cir. 2004).....	12

STATUTES

35 U.S.C. § 122.....	12
----------------------	----

OTHER AUTHORITIES

Federal Rule of Bankruptcy Procedure 7056.....	1
Federal Rule of Civil Procedure 56	1

Plaintiff Eastman Kodak Company (“Kodak”), on behalf of itself and its affiliated debtors and debtors in possession (collectively, the “Debtors”), respectfully submits this reply in further support of Kodak’s renewed motion for summary judgment (the “Renewed Motion”) pursuant to Federal Rule of Civil Procedure 56, made applicable to this adversary proceeding by Federal Rule of Bankruptcy Procedure 7056 (“Bankruptcy Rules”).² [Dkt. 58.] In support of its Renewed Motion, Kodak states as follows:

REPLY

Apple Inc. (“Apple”) and FlashPoint Technology, Inc. (“FlashPoint”) fail to rebut any of the additional evidence submitted by Kodak in support of its Renewed Motion. Instead, both Apple and FlashPoint reassert arguments that the Court already rejected. It is Apple and FlashPoint—not Kodak—who seek a “do over” of rejected legal and factual arguments. Kodak, in contrast, submitted specific evidence addressing the Court’s concerns stated in the August 1, 2012 Memorandum of Opinion (“Opinion”) that, when added to the existing summary judgment record, establishes that Kodak is entitled to summary judgment on the Remaining Claimed Kodak Patents.³

Apple and FlashPoint go to great lengths to distort the arguments set forth in Kodak’s Renewed Motion. Neither can avoid the uncontroverted fact, however, that with reasonable inquiry both could have long ago identified and asserted their claims to the Remaining Claimed Kodak Patents. Apple and FlashPoint were on inquiry notice of those additional Kodak patents no later than August 2005 when they received the Sony subpoenas.

² Apple and FlashPoint filed separate objections to Kodak’s Renewed Motion. For the convenience of the Court, Kodak addresses both objections in this single combined reply.

³ As explained in both the Motion and the Renewed Motion, Kodak acknowledges that FlashPoint’s state law claims to U.S. Patent No. 7,058,444 with a four year limitations period are not time-barred and Kodak is not seeking summary judgment on those claims.

Had Apple and FlashPoint exercised reasonable diligence, their ownership claims could have been asserted and litigated many years ago. Instead, both waited until after Kodak was in bankruptcy and endeavoring to sell the patents in the Digital Capture Portfolio before asserting that one or both of them owns the Remaining Claimed Kodak Patents. This delay is inexcusable and summary judgment on the Remaining Claimed Kodak Patents should be granted to Kodak.⁴

I. Apple and FlashPoint Fail to Refute That They Had Notice of The Remaining Kodak Patents at Issue.

A. Apple and FlashPoint Were on Inquiry Notice of the Remaining Claimed Kodak Patents.

Apple’s argument that Kodak “fails to identify any alleged evidence of actual or constructive notice that is tied directly to these eight [remaining claimed] patents” is misplaced. (Apple Opp’n at 4.) FlashPoint goes even further in asking the Court to “refuse to apply constructive notice” and ignore the concept entirely. (FlashPoint Opp’n at 5.) The well-established legal standard for notice of a patent ownership or inventorship claim does not require that Apple and FlashPoint receive actual notice of each individual patent by U.S. patent number. Requiring that level of specificity would eliminate the entire concept of inquiry notice. With respect to the equitable doctrine of laches, “the period of delay is measured from when the claimant had actual notice of the claim *or* would have reasonably been expected to inquire about the subject matter.” *Advanced Cardiovascular Sys., Inc. v. Scimed Life Sys., Inc.*, 988 F.2d 1157, 1161 (Fed. Cir. 1993) (emphasis added). In *Advanced Cardiovascular Sys., Inc.*, the Federal Circuit explained that a plaintiff “is chargeable with such knowledge as he might have obtained upon inquiry, provided the facts already known by him were such as to put upon a man of

⁴ Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Renewed Motion.

ordinary intelligence the duty of inquiry.” *Id.* at 1162; *see also Mahmood v. Research in Motion Ltd.*, No. 11 Civ. 5345(KBF), 2012 WL 242836, *7 (S.D.N.Y. Jan. 24, 2012) (“the period of delay is measured from when plaintiff . . . knew or should have known—or was on inquiry notice that would have led him to such knowledge—that” defendant “sought patents” allegedly based on plaintiff’s disclosures). Provided with facts that would “put . . . a man of ordinary intelligence” on inquiry notice, a party may not ignore those facts; instead, it “must acquaint [itself] with [its] rights within a reasonable time.” *Serdarevic v. Advanced Med. Optics, Inc.*, No. 06 CIV 7107(DLC), 2007 WL 2774177, at *5 (S.D.N.Y. Sept. 25, 2007) (citations omitted), *aff’d*, 532 F.3d 1352 (Fed. Cir. 2008).

Similarly, under California law applicable to Apple’s and FlashPoint’s state law ownership claims, the statute of limitations begins to run when a party “has notice or information of circumstances to put a reasonable person on inquiry.” *Norgart v. Upjohn Co.*, 981 P.2d 79, 88 (Cal. 1999). Even though a plaintiff “need not know the specific facts necessary to establish the cause of action, . . . within the applicable limitations period, he must” nevertheless “seek to learn the facts necessary to bring the cause of action” and “cannot wait for them to find him and sit on his rights; he must go find them himself if he can and file suit if he does.” *Id.* at 88-89; *see also E-Fab, Inc. v. Accountants, Inc. Servs.*, 64 Cal. Rptr. 3d 9, 16 (Cal. Ct. App. 2007) (“A person with actual notice of circumstances sufficient to put a prudent man upon inquiry is deemed to have constructive notice of all facts that a reasonable inquiry would disclose.”).

This Court recognized that the “public nature of [Kodak’s] patent litigation and licensing policies can put a party on inquiry notice of a patent, where reasonable inquiry would have uncovered the claims.” (Opinion at 23.) The Court rejected “Apple’s position that a contracting party who has shared secrets with a competitor can, for almost a decade, ignore the

open and notorious patent policy of its contractual counterparty,” which “culminat[ed]” with the Apple subpoena, “without being on inquiry notice as to its rights,” and therefore held that Apple’s and FlashPoint’s claims to the ‘218 patent are time-barred. (Opinion at 28.) Once Apple and FlashPoint had notice of the ‘218 patent and the ‘335 patent (and FlashPoint the ‘406 patent, the ‘703 patent, and the ‘854 patent)—as well as the other patents at issue in the Sony litigation, including the ‘924 patent and the ‘927 patent—they should have “checked the vault” and inquired about whether Kodak had obtained other patents allegedly based on technology Apple disclosed to Kodak. The law requires reasonable diligence and anything less is inconsistent with the assertion that the disclosures made to Kodak during the course of the parties’ joint development work consisted of valuable proprietary information.

The concept of inquiry notice does not permit Apple and FlashPoint to ignore the knowledge attributed to them regarding the ‘218 patent and the ‘335 patent. A man of ordinary intelligence—never mind sophisticated companies like Apple and FlashPoint—once on notice of potential claims relating to contractual rights, especially purported misuse of confidential disclosures, would investigate to determine if he had other claims. Apple and FlashPoint should not be permitted to bury their heads back in the sand and wait for actual notice of claims to other Kodak patents. Investigating when prompted is the essence of inquiry notice, and that is not a “generalized duty” as Apple and FlashPoint suggest.

Kodak is not arguing that Apple and FlashPoint had a general obligation to monitor all patents applied for by or issued to Kodak. Rather, once they were on notice that Kodak had obtained digital imaging patents allegedly related to the joint development work between Apple and Kodak, as this Court has held they were with respect to the ‘218 patent and the ‘335 patent, Apple and FlashPoint were obligated to use reasonable efforts to inquire as to

other related claims.⁵ Apple’s argument that the ‘218 patent and the ‘335 patent relate to different subject matter than certain Kodak image transmission patents—the ‘161 patent, the ‘084 patent, the ‘605 patent, and the ‘391 patent—is misplaced. As the Court determined, Apple and FlashPoint had significant information available to them regarding Kodak’s digital imaging patents when they received the Sony subpoenas. The Remaining Claimed Kodak Patents, like the ‘218 patent and the ‘335 patent, are digital imaging patents that are included in Kodak’s Digital Capture patent portfolio. Moreover, the Sony subpoenas, which provided Apple and FlashPoint with actual notice of the ‘218 patent and the ‘335 patent, also provided Apple and FlashPoint with actual notice of the ‘924 patent and the ‘927 patent—the parent patents of the four image transmission patents. (*See* Holley Decl. Exs. 22, 24; Second Suppl. Holley Decl. Ex. 18.) The subject matter of those four patents was disclosed in the ‘924 patent and the ‘927 patent and provided Apple and FlashPoint sufficient information to locate any related patents through a reasonable inquiry. If Apple and FlashPoint had exercised any degree of reasonable effort to search the U.S. Patent and Trademark Office (“USPTO”) website upon receiving the Sony subpoenas in August 2005, they could have easily located seven of the eleven Remaining Claimed Kodak Patents that either had an application published or had already issued (and another published three months later).⁶

⁵ Apple’s attempt to attack Kodak’s conduct as a basis for justifying its unreasonable delay in asserting its purported ownership claims merely repeats an argument that the Court already rejected with respect to the patents found to be time-barred. (Apple Opp’n at 10.) As explained in Kodak’s reply to its motion for summary judgment, ownership of the ‘726 patent is not an issue before this Court. [*See* Dkt. 37 at 21.]

⁶ The 7 patents are the ‘406 patent, the ‘703 patent, the ‘854 patent, the ‘342 patent, the ‘743 patent, the ‘192 patent, and the ‘161 patent. (*See* Holley Decl. Exs. 25, 26.) The patent application for the ‘605 patent was published on November 3, 2005. FlashPoint’s argument that the “majority” of the Remaining FlashPoint Claimed Patents are “outside the scope of the statute of limitations or the presumption of laches” is wrong. (FlashPoint Opp’n at 4-5.)

Apple and FlashPoint both reassert arguments in opposition that were already rejected by the Court regarding the legal significance to be attributed to the Sony subpoenas. The Court held that Apple's and FlashPoint's lawyers' knowledge is imputed to their client under agency principles, (Opinion at 27), which applies to information learned in responding to the Sony subpoenas. Apple cannot rely on its argument that the subpoena provides "no information" regarding the patents asserted in the Sony litigation. (Apple Opp'n at 11.) While improbable that neither Apple nor its lawyers bothered to look at the complaint that clearly identifies the patents at issue, that level of reasonable inquiry is expected and any failure to do so does not establish that Apple lacked notice of the claims it asserts here.

FlashPoint argues that it is not aware of any reason why the Sony subpoena would have prompted FlashPoint to investigate its ownership claims. (FlashPoint Opp'n at 11.) To the extent that FlashPoint believes it has rights in Kodak's patents—either from Apple in the 1996 spin-out agreement or from its agreements with Kodak—FlashPoint had the same obligation to investigate those claims when it received the Sony subpoena in August 2005. The Court rejected FlashPoint's arguments and noted that an assignee gets no better rights than an assignor. (Opinion at 34.) Nonetheless, FlashPoint was aware of the technologies transferred to it from Apple under the clear terms of the 1996 spin-off agreement. (Fry Decl. at ¶¶ 8-9.) FlashPoint's agreements with Kodak set forth its interests in any joint development work between the parties. (See Lynch Decl. Exs. A, B.) FlashPoint received actual notice in the Sony subpoena that Kodak held the '218 patent, the '335 patent, the '924 patent and the '927 patent, and that Kodak was asserting patents allegedly related to Kodak's joint development work with Apple. The subpoena also identified the specific projects between Apple and Kodak that FlashPoint purports

to have acquired rights to in the 1996 spin-off agreement. FlashPoint was therefore on inquiry notice to determine whether Kodak's patents impacted FlashPoint's contractual rights.

FlashPoint devotes most of its opposition to rearguing its principal argument in opposition to the motion for summary judgment: because Kodak and FlashPoint were contractual parties who collaborated in the past, FlashPoint was permitted to ignore actual and constructive notice of its ownership claims absent direct notice from Kodak. (FlashPoint Opp'n at 5-13.) The Court already squarely rejected this argument:

there is no basis for FlashPoint's contention that its relationship with Kodak, including the two 1997 Agreements and the 2003 Agreement and the Fry consulting agreement, somehow equitably tolls its duty to investigate Kodak's claims to the inventorship of numerous patents in the area in which the parties were collaborating. If anything the collaboration and the respective cross-licenses and agreements not to sue for infringement made it more likely that the parties would keep abreast of what the other party was doing in the areas of joint interest.

(Opinion at 36.) The Court's reasoning applies equally to notice of the Remaining FlashPoint Claimed Patents.

FlashPoint also argues that Kodak cannot assert that FlashPoint's claims are time-barred because FlashPoint is the owner of the patents. (FlashPoint Opp'n at 14-15.) This argument borders on the absurd. Under FlashPoint's theory, no plaintiff's claim could ever be time-barred once that claim is asserted. This Court recognized and rejected this type of argument in the notice context, holding that neither Apple nor FlashPoint can rely on a circular argument that requires presuming victory on the merits. (Opinion at 29, 33.)

The patent infringement cases Apple cites to "negat[ing] a finding of constructive notice" do not inform the issue before the Court. If anything, they support granting summary judgment with respect to the Remaining Claimed Kodak Patents. Unlike the defendant in *Acushnet Co. v. Dunlop Maxfli Sports Corp.*, Kodak is not seeking to impose a general duty to

inspect the entire market at all times. No. CIV. A. 98-717-SLR, 2000 WL 987979, at *12-13 (D. Del. June 29, 2000). Instead, Kodak submits that once Apple and FlashPoint were on notice of potential claims to certain of Kodak's digital imaging patents, they had a duty to conduct targeted searches of other patents relating to the discrete set of disclosures that Apple purportedly made to Kodak. Moreover, despite Apple's protestations, the facts here are not analogous to *PSN Illinois, Inc. v. Ivoclar Vivadent, Inc.*, where the court focused on the fact that infringement could be detected only by "microscopic examination" of the product. 398 F. Supp. 2d 902, 910 (N.D. Ill. 2005). As Kodak explains in its Renewed Motion (at 9-12), Apple and FlashPoint could have reasonably located the patents they now claim and identified its purported claims. Finally, the operative fact in *Aguayo v. Universal Instruments Corp.* was that the plaintiff *did* take action when it learned of potential claims by sending a letter to the defendant and therefore fulfilled its duty of inquiry. 356 F. Supp. 2d 699, 752 (S.D. Tex. 2005). Here, by contrast, Apple and FlashPoint did nothing when they were put on inquiry notice.

B. The Record Establishes Apple and FlashPoint Could Have Reasonably Searched and Identified the Remaining Claimed Kodak Patents.

Apple and FlashPoint do not dispute Kodak's evidence that by 2005 they could have used the USPTO website to run searches using Boolean search logic for any U.S. patent issued since 1976 or any patent application published since 2001, or that they could have reasonably located the Kodak patents they now claim to own. (*See* Second Suppl. Holley Decl. Ex. 13.) Instead, Apple argues that it made numerous disclosures to Kodak relating to the parties' joint development work and that locating the patents would not help Apple identify whether it had an ownership or inventorship claim. (Apple Opp'n at 7, 9-10.) This merely rehashes Apple's already rejected argument that it could not have identified its inventorship and ownership claims without discovery from Kodak and the analysis of confidential records

prompted by litigation. Apple’s argument, if accepted, would mean that a “party could not be on inquiry notice” of patent ownership claims “until it was actually sued in court,” rendering the doctrine of laches and the statute of limitations nullities. (*See* Opinion at 29.) The Court rejected this argument with respect to the ‘218 patent and the ‘335 patent (*id.*), and it should be rejected with respect to the Remaining Claimed Kodak Patents as well. Patent ownership and inventorship claims can be discovered by a review of the patent itself. The Court acknowledged this in holding that Apple’s and FlashPoint’s review of patents cited as prior art is notice of potential claims to certain Kodak patents that are now time-barred. (Opinion at 25-26, 36-37.)

Apple also argues that it did not know which of its disclosures to search for in Kodak’s digital imaging patents. (Apple Opp’n at 9-10.) This argument repackages Apple’s previous and demonstrably false arguments that it would need to review thousands of Kodak patents in order to identify its ownership claims. The evidence submitted by Kodak, including the sample searches using broad sample search terms, establishes that Apple and FlashPoint could have located the patents they now claim to own without reviewing anywhere near the one thousand or more Kodak patents that Apple claims potentially relate to digital capture technology.⁷ (*See* Second Suppl. Holley Decl. Exs. 20-22.) Apple’s argument that reviewing search results of 52 patents is a “formidable task” is without merit. Reviewing 52 patents, or even the 254 patents returned in Apple’s alternative search, is within the scope of reasonable inquiry for companies with the resources and sophistication of Apple and FlashPoint. Apple’s suggestion that this approach is “useless” belies the undisputed facts in the record. As Kodak explains in its Renewed Motion, a broad search of patents containing “electronic camera” in the

⁷ The broad search terms used in Kodak’s samples are not “arbitrary” (Apple Opp’n at 3) but rather are related to the subject matter of the joint development work between Apple and Kodak. The search results demonstrate that more detailed search terms were unnecessary to identify the Remaining Claimed Kodak Patents.

title that were assigned to “Eastman Kodak Company” returned five of the Remaining Claimed Kodak Patents within the 52 results. (Renewed Motion at 10-11; Second Suppl. Holley Decl. at Exs. 20-22.) In fact, the very first result returned when one searches for “electronic camera” in the title is one of the Remaining Claimed Kodak Patents. (Second Suppl. Holley Decl. Ex. 20.)

The undisputed record is clear that Apple’s internal library conducted searches of Kodak’s patents as early as 1992 and easily refined those searches to targeted specific subject matter. (Holley Decl. Exs. 19-21.) Apple argues that those searches were conducted for a different purpose. But that argument misses the point: the searches demonstrate that Apple knew how to search for particular types of Kodak patents in an efficient manner back in 1992 and 1993; certainly it could have done so in 2005 when it received the Sony subpoenas. Using any combination of the 31 field names available on the USPTO website, Apple and FlashPoint could have easily and cost-effectively narrowed and performed targeted searches for the Kodak patents that they now claim to own.⁸

II. Notice of the ‘924 Patent and the ‘927 Patent Put Apple and FlashPoint on Inquiry Notice of More Recently Issued Child Patents.

Apple and FlashPoint argue that “no basis exists” for concluding that they were on notice of the ‘924 patent, the parent patent of the ‘161 patent, the ‘084 patent, and the ‘391 patent, or the ‘927 patent, the parent patent of the ‘605 patent. (Apple. Opp’n at 12; FlashPoint Opp’n at 10.) The facts in the record, specifically the Sony subpoenas, establish that they were in fact on notice of the ‘924 patent and the ‘927 patent. Apple and FlashPoint do not dispute that they received the Sony subpoenas in August 2005 or that they responded to those subpoenas

⁸ Apple’s argument that it could not have discovered its claims because “the Apple personnel who developed this technology left the company in the late 1990s” is irrelevant. (Apple Opp’n at 5 n.3.) Apple’s argument would eviscerate any notion of corporate liability beyond the term of a company’s employees and would create a new defense to constructive notice that does not exist.

requesting documents related to Projects Adam, Phobos, and Aspen. (Holley Decl. Exs. 22, 24.) Apple also does not dispute that the operative complaint in the Sony Litigation explicitly references the '924 patent and the '927 patent. (Second Supp. Holley Decl. Ex. 20.) FlashPoint does not dispute that the subpoena directed to it explicitly referenced the '924 patent and the '927 patent, in addition to the '218 patent and the '335 patent. (Holley Decl. Ex. 24.). The Sony subpoenas constitute actual notice to Apple and FlashPoint of the patents at issue in that litigation, including the '924 patent and the '927 patent. That notice triggered a duty to inquire as to potential claims relating to those patents, and any claims now asserted related to those Kodak patents are time-barred.

As explained in the Renewed Motion (at 12-15), the subject matter disclosed in the '924 patent is, by law, identical to the subject matter disclosed in its continuation applications resulting in the later issued '161 patent, '084 patent, and '391 patent. Similarly, by law, the subject matter disclosed in the '927 patent is identical to the subject matter disclosed in its continuation application resulting in the '605 patent. (*Id.*) Accordingly, in August 2005, when Apple and FlashPoint were on actual notice of the '924 patent and the '927 patent, they were immediately on notice of the later patents in both of those the patent families.⁹

Apple argues that notice of a parent patent cannot constitute notice of subsequently issued child patents. (Opp'n at 12-13.) The only case Apple cites to in support of that contention, *Stark v. Advanced Magnetics, Inc.*, relies on the law concerning application of laches in the patent infringement context, which provides that the laches period does not accrue

⁹ The '161 patent and the '605 patent are independently time-barred for other reasons, including that they could have been located in 2005 following receipt of the Sony subpoenas. Nonetheless, the disclosure to Apple and FlashPoint of the '924 patent and the '927 patent in the Sony litigation provides additional undisputed evidence that Apple and FlashPoint should have been on notice of those two patents prior to their issuance. (*See* Second Suppl. Holley Decl. Exs. 23, 30.)

until the patent issues. 29 F.3d 1570, 1576 (Fed. Cir. 1994). By contrast, the weight of modern authority holds that, in appropriate circumstances, the laches period for a correction of inventorship claim can begin to run at a time before a patent issues or even before the patent application is published. *Mahmood v. Research in Motion, Ltd.*, No. 11 Civ. 5345(KBF), 2012 WL 242836, at *7 (S.D.N.Y. Jan. 24, 2012); *see also Hor v. Chu*, 765 F. Supp. 2d 903, 916 (S.D. Tex. 2011); *Moore v. Broadcom Corp.*, No. 06 CIV 05647, 2008 WL 425932, at *4 (N.D. Cal. Feb. 14, 2008); *Bd. of Trs. of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 583 F.3d 832, 847-48 (Fed. Cir. 2009) (statute of limitations). The Court recognized this distinction in its August 1, 2012 Memorandum of Opinion. (Opinion at 22-23.) In addition, in *Stark*, the court relied on the fact that patent applications were “secret” at that time. *Stark*, 29 F.3d at 1576. Under the American Inventors Protection Act of 1999, all applications filed on or after November 29, 2000 are (with limited exceptions) made public eighteen months after filing. 35 U.S.C. § 122.

Apple also argues that constructive notice of subsequently issued child patents cannot be based on identical specifications and figures in parent patents. (Apple Opp’n at 14.) While Apple maintains that this argument is “black letter law,” none of the cases Apple cites have anything to do with the application of notice standards to predecessor patents. The cases Apple cites unremarkably recite the rule to establish joint inventorship, *Falana v. Kent State Univ.*, 69 F.3d 1349, 1357 (Fed. Cir. 2012), and the rule that the boundaries of a patent holder’s right to exclude is defined by the claims. *Univ. of Rochester v. G.D. Searle & Co., Inc.*, 375 F.3d 1303, 1325-26 (Fed. Cir. 2004); *Johnson & Johnson Assocs. Inc. v. R.E. Serv. Co.*, 285 F.3d 1046, 1052 (Fed. Cir. 1993). Kodak does not dispute that a patent’s claims are important to the scope of the patent holder’s right to sue for infringement. Rather, Kodak asserts that Apple’s

claim construction arguments have no relevance to the question before the Court of whether the specifications and drawings in parent patents put Apple and FlashPoint on notice that Kodak was exercising ownership over the same technology disclosed in subsequently issued child patents. *See Roche Molecular Sys., Inc.*, 583 F.3d at 847-48 (finding that statute of limitations began to run before some patent applications were even published because evidence established that defendant was exercising ownership over “subject matter” of patent family). The specifications and drawings in the ‘924 patent, which “teach” the invention in each patent, are substantively identical to the specifications and drawings in the ‘161, ‘084 and ‘391 patents. (*See* Second Suppl. Holley Decl. Exs. 23, 25, 28.) The same is true when comparing the ‘927 patent and the later issued ‘605 patent. (*See id.* Ex. 30.) Apple’s and FlashPoint’s failure to investigate the ‘924 patent and the ‘927 patent when they received notice of these patents bars their ownership and inventorship claims over the later-issued patents containing identical subject matter.

III. Kodak Would be Prejudiced By Litigating Apple’s and FlashPoint’s Remaining Ownership Claims Now.

Apple and Flashpoint rehash arguments rejected by this Court attempting to assert that Kodak has failed to establish the prejudice from delay required for laches to apply. As the Court acknowledged, Kodak is in chapter 11 fighting for its economic survival. (Opinion at 31.) Kodak is working to monetize its patent assets and Apple has attempted to obstruct Kodak’s plans to sell its digital imaging patents at every stage of the case. (*Id.*) The Court concluded that if Apple’s and FlashPoint’s claims to the ‘218 patent and the ‘335 patent proceeded despite their unreasonably delayed commencement, “Kodak might have to go back to the drawing board for ways to fund its case.” (*Id.* at 32.) If those claims had been brought sooner, Kodak’s chapter 11 strategy could have been modified. (*Id.*) On that basis, the Court held that Kodak would suffer economic prejudice if it were forced to litigate now. The same reasoning applies to the

Remaining Claimed Kodak Patents. All of the remaining patents at issue are part of the Digital Capture patent portfolio being auctioned and removal of any patents at this stage would negatively impact that process. Timothy Lynch, Kodak's Chief Intellectual Property Officer, testified that in recent years Kodak has invested in the patents asserted in the 831 investigation by the U.S. International Trade Commission—the '161 patent, the '605 patent, the '084 patent, and the '391 patent—and those patents are important patents for the portfolio. (Lynch Dep. Tr. 102:5-21.) The Court's conclusions regarding economic prejudice are equally applicable to the remaining claimed patents.

The Court also determined Kodak would suffer evidentiary prejudice because Kodak will need to locate and secure the participation of the inventors for the claimed Kodak patents and that their participation, including Mr. Parulski, is not ensured. (Opinion at 32.) The Court further concluded that “the possible availability of a key witness does not overcome the fact that memories undoubtedly fade about the relevant events when there is a two decade delay in pursuing rights.” (Opinion at 32-33.) This is true for all the Remaining Claimed Kodak Patents, even those issued more recently, because the genesis of Apple's and FlashPoint's claims are facts relating to contracts and joint development relationships dating back close to two decades.¹⁰

¹⁰ Apple revisits another failed argument by asserting that its breach of confidence claim is not time-barred because Kodak did not “openly repudiate” the December 1994 Agreement. The Court did not accept this argument with respect to the '218 patent or the '335 patent, and it is equally flawed with respect to the Remaining Claimed Kodak Patents. Even if the December 1994 Agreement created a fiduciary relationship (it did not), the undisputed facts that establish that Apple's and FlashPoint's other ownership claims are time-barred apply equally to their breach of confidence counterclaims. *See Alfaro v. Cmty. Hous. Improvement Sys. & Planning Assoc., Inc.*, 124 Cal. Rptr. 3d 271, 305 (Cal. Ct. App. 2009) (“A person in a fiduciary relationship may relax, but not fall asleep. ‘[I]f she became aware of facts which would make a reasonably prudent person suspicious, she had a duty to investigate further, and she was charged with knowledge of matters which would have been revealed by such an investigation.’”) (alteration in original) (quoting *Miller v. Bechtel Corp.*, 663 P.2d 177, 181 (Cal. 1983)).

CONCLUSION

For the foregoing reasons, in addition to the reasons set forth in the Renewed Motion and the original motion papers, Kodak respectfully requests that the Court grant its motion for summary judgment with respect to the Remaining Claimed Kodak Patents and order such other and further relief as the Court may deem just and proper.

Dated: September 13, 2012
New York, New York

/s/ Andrew G. Dietderich

Steven L. Holley
Andrew G. Dietderich
Brian D. Glueckstein
Michael H. Torkin
SULLIVAN & CROMWELL LLP
125 Broad Street
New York, New York 10004
Telephone: (212) 558-4000
Facsimile: (212) 558-3588

Pauline K. Morgan
Joseph M. Barry
YOUNG CONAWAY STARGATT &
TAYLOR, LLP
1270 Avenue of the Americas, Suite 2210
New York, New York 10020
Telephone: (212) 332-8840
Facsimile: (212) 332-8855

*Counsel to the Debtors and Debtors in
Possession*