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

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	:
In re	: Chapter 11
	:
EASTMAN KODAK COMPANY, <i>et al.</i> ,	: Case No. 12-10202 (ALG)
	:
Debtors.	: (Jointly Administered)
	:
-----	x
	:
KYOCERA CORPORATION,	: Adversary No. 13-01093 (ALG)
	:
Plaintiff	:
	:
v.	:
	:
EASTMAN KODAK COMPANY,	:
	:
Defendant.	:
-----	x

**MOTION OF KYOCERA CORPORATION TO WITHDRAW THE REFERENCE OF  
THE ABOVE-CAPTIONED ADVERSARY PROCEEDING**



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**I.  
INTRODUCTION**

Kyocera Corporation (“Kyocera”) is a party-in-interest in the Chapter 11 cases of Eastman Kodak Company (“Kodak”), including as a creditor and holder of rights and interests with respect to significant and long-running intellectual property disputes with Kodak. Kyocera makes this motion (the “Motion”) to withdraw the reference as to its adversary proceeding against Kodak, which addresses Kodak’s ongoing post-petition infringement of 15 patents owned by Kyocera (the “Kyocera Infringement Proceeding”).<sup>1</sup>

Kyocera seeks mandatory withdrawal of the reference of the Kyocera Infringement Proceeding pursuant to 28 U.S.C. § 157(d) or, alternatively, discretionary withdrawal of the reference for cause. Not only will adjudication of the dispute require consideration of both bankruptcy and non-bankruptcy federal laws (including patent laws), but the circumstances here necessarily will trigger disputes over the reconciliation of those competing laws.

Because Kodak’s infringement entitles Kyocera to an injunction, declaratory relief, and other remedies for patent infringement, withdrawal is required for the adjudication of Kyocera’s rights and claims against Kodak. Moreover, because Kodak is currently pursuing separate meritless claims against Kyocera in another forum,<sup>2</sup> Kyocera must prosecute the Kyocera Infringement Proceeding to defend its rights, defenses, and interests. For these reasons and the

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<sup>1</sup> The adversary complaint does not address (i) any *pre-petition* claims Kyocera has against Kodak, or (ii) any claims that Kyocera may have against any reorganized debtor, successor or assignee after the effective date of any plan of reorganization.

<sup>2</sup> See *Eastman Kodak Company v. Kyocera Corp.*, No. 10-CV-6334 (W.D.N.Y.).

other reasons set forth below, it is critical that the District Court withdraw the reference and resolve these competing issues.<sup>3</sup>

## II. JURISDICTION, VENUE, AND NOTICE

The predicates for the withdrawal of the reference and other relief requested herein include 28 U.S.C. §§ 157(d) and 959 and Rule 5011.<sup>4</sup> Jurisdiction for the Kyocera Infringement Proceeding and this withdrawal motion exist pursuant to 28 U.S.C. § 1334. Venue is proper pursuant to 28 U.S.C. § 1409. The relief sought by Kyocera in the Kyocera Infringement Proceeding and herein *does not* constitute a “core” proceeding pursuant to 28 U.S.C. § 157(b), and an adversary proceeding under Rule 7001 *et seq.* is required, as explained below.

The Kyocera Infringement Proceeding seeks to recover only post-petition damages and nonmonetary relief for Kodak’s post-petition infringement, including injunctive relief and a declaratory judgment. The rights and remedies Kyocera seeks to enforce against Kodak are authorized under applicable bankruptcy law. *See, e.g.*, 28 U.S.C. § 959 (requiring debtors in possession to comply with their legal obligations after filing Chapter 11 and authorizing suits, including jury trials); 11 U.S.C. § 101(5)(B) (excluding non-monetary “equitable remedies” from the definition of “claim”).

Kyocera’s rights and claims in the Kyocera Infringement Proceeding relate to patent infringement based on Kodak’s infringement occurring after Kodak’s Chapter 11 filing. (*See Adversary Complaint for Postpetition Patent Infringement and for Injunctive and Declaratory*

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<sup>3</sup> Kyocera’s basis for withdrawal is distinguishable from prior motions to withdraw the reference by Apple, Inc. (“Apple”) or FlashPoint Technology, Inc. (“FlashPoint”) in the Kodak bankruptcy case. Among other differences, Kodak’s dispute with Apple and Flashpoint is a patent *ownership* dispute involving estate property under section 541. The prior motions to withdraw did not involve claims for post-petition patent *infringement* by Kodak.

<sup>4</sup> References herein to the “Rules” are to the Federal Rules of Bankruptcy Procedure.

*Relief* filed contemporaneously herewith (the “Complaint”) ¶ 5). Kyocera’s claims in the adversary Complaint do not include any pre-petition claims for patent infringement.<sup>5</sup>

Kyocera does not consent to a jury trial or other final ruling by the Bankruptcy Court. *See* 28 U.S.C. § 157(e). Additionally, in accordance with the principles set forth in *Stern v. Marshall*, 131 S. Ct. 2594 (2011), the Bankruptcy Court lacks jurisdiction to finally adjudicate the Kyocera Infringement Proceeding, even if the dispute were deemed to be a core proceeding under section 157(b) (which it is not).

### **III. BACKGROUND FACTS AND PRELIMINARY STATEMENT**

#### **A. Kyocera’s Relationship and Disputes with Kodak**

##### **1. General Background and Basis of Dispute**

Kyocera is a Japanese corporation headquartered in Kyoto, Japan. (Complaint ¶ 14.) For over fifty years, Kyocera has been an innovator in ceramic components for electronics, as well as an innovator and a leader for decades in discovering, patenting, and implementing new technology for computer printers, multifunction products, and other diverse technologies such as telecommunications equipment. (Complaint ¶ 15.) Kyocera’s substantial patent portfolio, which is the result of decades of research into digital circuits, includes patent rights and claims covering many of the key technologies that support the digital circuits found in Kodak’s products. (*Id.*) Specifically, Kyocera’s relevant patents include claims relating to: oscillators, capacitors, battery

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<sup>5</sup> As explained below, each sale of an infringing product or other infringing action by Kodak is a separate tort or wrong, which creates a separate and distinct cause of action. Thus, each of Kodak’s acts of infringement are separately grouped into (i) pre-petition infringements and wrongs *not* covered by this Kyocera Infringement Proceeding, (ii) post-petition infringements and wrongs covered by the Kyocera Infringement Proceeding as to Kodak’s Chapter 11 estate, and (iii) infringements and wrongs by Kodak as a reorganized debtor after the effective date of any plan of reorganization. Category (iii) is *not* covered by the Kyocera Infringement Proceeding, but will be separately addressed by Kyocera if any infringement occurs following Kodak’s reorganization.

chargers, circuit boards, and ferrite filters, basic components that are found in most, if not all, of Kodak's electronic products. (*See generally* Complaint.) In addition, as a long-time innovator in the printing and wireless industries, Kyocera also has patents claiming technologies utilized by Kodak's printing and imaging products. (Complaint ¶¶ 49, 56, 63.) These include patents claiming key aspects of image scanning, electrophotographic printing, and wireless communications. (Complaint ¶¶ 21, 56, 63, 109, 112.)

On August 21, 2002, Kodak and Kyocera entered into a 10-year patent cross-license for digital cameras and integrated digital cameras, such as camera phones, pursuant to a Patent License Agreement and related "Side-Letter" (collectively the "PLA"), effective April 1, 2002.<sup>6</sup> On June 22, 2010, Kodak sued Kyocera in the Western District of New York in a meritless suit for an alleged underpayment of royalties for Kyocera's sales of camera phones. *See Eastman Kodak Company v. Kyocera Corp.*, No. 10-CV-6334 (W.D.N.Y.). Kyocera denied Kodak's allegations and sought its own related relief by its cross-complaint on April 28, 2011 (the cross-claims, together with all other pleadings and decisions in that action, are collectively referred to as the "PLA Litigation"). Kodak moved for partial summary judgment as to liability on March 23, 2012, and a hearing was held on October 4, 2012 before Judge Charles L. Siragusa. Kodak's motion was denied. The Decision and Order of the Court in the PLA Litigation, filed on October 23, 2012 [Dkt. No. 137], is attached hereto as Exhibit A (the "WD PLA Decision").

As a result of the Court's finding that the PLA is ambiguous, a jury must decide the meaning of the PLA based on the intent of the parties, including the parties' negotiations and course of conduct. (WD PLA Decision at 11-12.) Importantly, Judge Siragusa in the PLA Litigation did not limit his denial of Kodak's summary judgment motion to a finding that the

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<sup>6</sup> The PLA expired on March 31, 2012, less than three months after Kodak filed for Chapter 11 on January 19, 2012.

contract was ambiguous. The Court also found that Kodak's interpretation of the PLA was *not credible*, and he specifically rejected Kodak's interpretation of the PLA. (*Id.* at 2 n.1.) At the same time, the Court specifically stated the opposite regarding Kyocera's interpretation, finding that under a plain reading of the PLA, Kyocera's interpretation and payment of royalties for camera phones was based on the correct reading of the PLA. (*Id.* at 4 n.2.) Kyocera has been calculating and paying royalties based on its understanding since the PLA was executed. (*Id.* at 6.) Before the PLA terminated on March 31, 2012, Kyocera paid royalties of at least \$15 million pursuant to the PLA.

A recent court-ordered mediation following the WD PLA Decision did not result in a settlement. (Mediation Certification in the PLA Litigation, filed on December 13, 2012 [Dkt. No. 140], attached hereto as Exhibit B.) The PLA Litigation is set for trial on August 12, 2013.<sup>7</sup> (Pretrial Order in the PLA Litigation, filed on December 12, 2012 [Dkt. No. 139], attached hereto as Exhibit C.)

2. Need for the Kyocera Infringement Proceeding.

Kyocera has sought unsuccessfully to resolve its disputes with Kodak related to the PLA Litigation and Kyocera's ongoing business relationship with Kodak, including repeated requests to discuss future cross-licensing arrangements, which Kodak has repeatedly ignored. As a result, Kyocera filed patent infringement claims against Kodak, which began with a patent infringement

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<sup>7</sup> Notwithstanding the WD PLA Decision, Kodak persists in pursuing its meritless claims against Kyocera, while using the bankruptcy to shield itself from Kyocera's substantial patent infringement claims. By ignoring Kyocera's patents and continuing to infringe, Kodak creates the illusion of a more profitable retained business than actually exists. Now that the market and various court decisions have revealed the lower value of Kodak's digital imaging patent portfolio from Kodak's initial projection of \$2.3 billion to the current proposed sale price of \$525 million, Kodak presumably will need to conduct further asset sales to raise or conserve cash. *See Debtors' Motion for an Order Extending the Exclusive Periods During Which Only the Debtors May File a Chapter 11 Plan and Solicit Acceptances Thereof*, filed on April 13, 2012 [Dkt. No. 831] at 6-7 (discussing future goals and strategy). At present it is still uncertain what assets and businesses Kodak will seek to sell, and what Kodak will retain as a reorganized debtor.

lawsuit filed on December 19, 2011 in the Southern District of California, followed by a July 16, 2012 prepetition proof of claim filed in the Kodak bankruptcy to address Kodak's pre-petition infringement of 22 Kyocera patents [Claim No. 5734] (the "Kyocera Proof of Claim").<sup>8</sup> Now, with the Kyocera Infringement Proceeding, Kyocera seeks to remedy ongoing *post-petition* patent infringement by Kodak of 15 Kyocera patents related to computer printers, multi-function printers, and ceramic components for electronics and other technologies. (Complaint ¶ 15.) Two of the patents included in the Kyocera Infringement Proceeding were issued *after* Kodak filed for Chapter 11 on January 19, 2012, which Kodak continues to infringe. (Complaint ¶ 25.) The Kyocera Infringement Proceeding seeks to enjoin Kodak's further post-petition infringement and requests declaratory relief and damages for Kodak's infringement after the Chapter 11 petition was filed. (*See generally* Complaint.)

**B. Kodak's Post-Petition Infringement Must Be Remedied.**

Because Kodak's infringement of Kyocera's patents is ongoing, each infringing product Kodak sells causes further harm to Kyocera and gives rise to a separate and distinct cause of action for patent infringement. *See Hazelquist v. Guchi Moochie Tackle Co. Inc.*, 437 F.3d 1178, 1180 (Fed. Cir. 2006) ("Each act of patent infringement gives rise to a separate cause of action," finding that "to the extent that [the infringer] engaged in infringing activities since the discharge of his debts, each of those infringing activities gives rise to a cause of action that dates from the moment of infringement"); *E.I. du Pont de Nemours & Co. v. MacDermid Printing Solutions, LLC*, 525 F.3d 1353, 1362 (Fed. Cir. 2008) (citing *Hazelquist*, at 1180); *Augustine Med., Inc. v. Progressive Dynamics, Inc.*, 194 F.3d 1367 (Fed. Cir. 1999) (noting that "issues of patent infringement . . . give rise to individual causes of action"). The predominant patent law issues in

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<sup>8</sup> Kodak's pre-petition infringement liability to Kyocera will be set off against any recovery by Kodak in the PLA Litigation. Further, Kyocera's prepetition setoff rights are deemed a secured claim under 11 U.S.C. § 506(a).

the Kyocera Infringement Proceeding require the District Court's mandatory involvement under section 157(d).

Notwithstanding the Kodak Chapter 11 proceeding, Kodak may not infringe Kyocera's patents after seeking bankruptcy protection without being fully accountable for injunctive, declaratory, and monetary relief that must be provided in full on the effective date of the plan of reorganization under section 1129(a)(9) of the Bankruptcy Code.<sup>9</sup> Under section 157(d), Kyocera is entitled to protect its own intellectual property and be adequately compensated for the harm arising from infringement regardless of whether the infringing party is in bankruptcy.<sup>10</sup>

During bankruptcy, Kodak has a continuing obligation to comply with patent laws and its other legal obligations. *See* 28 U.S.C. § 959. The protections afforded by bankruptcy law concern a debtor's *pre-petition* liabilities—bankruptcy is not a safe haven for post-petition wrongdoing.<sup>11</sup>

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<sup>9</sup> References herein to the “Bankruptcy Code” are to Title 11 of the United States Code, as amended. Statutory references herein are to sections of the Bankruptcy Code unless the context otherwise indicates.

<sup>10</sup> *Cf. Grace Coal Co., Inc. v. Commonwealth of Ky. (In re Grace Coal Co. Inc.)*, 155 B.R. 5 (Bankr. E.D. Ky. 1993) (applying § 959 to permit state agency to shut down the Chapter 11 debtor's coal mining business when its mining permit expired, regardless of the debtor's unsuccessful effort to use § 105 to evade those environmental laws); *Wilner Wood Prod. Co. v. State of Maine Dept. of Env't'l Prot.*, 128 B.R. 1 (Bankr. D. Maine 1991) (comparable case involving an expired air emission license and denial of renewal, where the bankruptcy court's preliminary injunction against the State shutdown or fining of the debtor was reversed by the District Court applying § 959(b) to require the debtor to operate “according to valid laws . . . would be bound to do . . .” because the “bankruptcy court cannot issue an injunction against the State that, even on a temporary basis, effectively grants . . . [the debtor] an [air pollution] license) (citing *Midlantic Natl. Bank v. N.J. Dept. of Env't'l Prot.*, 474 U.S. 494, 505 (1986); *Ohio v. Kovacs*, 469 U.S. 274, 285 (1985); *In re Plaza de Diego Shopping Center Inc.*, 911 F.2d. 820, 830 (1st Cir. 1990); *U.S. v. Sutton*, 786 F.2d. 1305, 1308 (5th Cir. 1986) (holding that § 105 “does not authorize the bankruptcy court to create substantive rights that are otherwise unavailable under applicable law, or constitute a roving commission to do equity”)); *Saravia v. 1736 18th St. N.W. LP*, 844 F.2d. 823, 826-27 (D.C. Cir. 1988) (§ 959 forbids the debtor in bankruptcy from violating the housing code); *Commonwealth Oil Refining Co. v. EPA*, 805 F.2d. 1175, 1184 (5th Cir. 1986) (refusing § 105 stay of environmental law enforcement).

<sup>11</sup> *See, e.g., In re Cinnabar 2000 Haircutters, Inc.*, 20 B.R. 575, 577 (Bankr. S.D.N.Y. 1982) (“the bankruptcy laws should not be a haven for contumacious conduct in violation of a party's judicially-determined tradename rights which will be diluted by a continuation of such conduct behind the shield of the automatic stay”).

#### IV. ARGUMENT

##### A. **Withdrawal of the Reference is Mandatory.**

Mandatory withdrawal of the reference derives from 28 U.S.C. § 157(d), which provides that:

The district court *shall* . . . withdraw a proceeding if the court determines that resolution of the proceeding requires consideration of both title 11 and other laws of the United States regulating organizations or activities affecting interstate commerce.

28 U.S.C. § 157(d) (emphasis added).<sup>12</sup> “The purpose of §157(d) is to assure that an Article III judge decides issues calling for more than routine application of statutes outside the Bankruptcy Code.” *In re Horizon Air, Inc.*, 156 B.R. 369, 373 (N.D.N.Y. 1993) (citing *Eastern Airlines, Inc. v. Air Line Pilots Ass’n (In re Ionosphere Clubs, Inc.)*, 1990 WL 5203, at \*5 (S.D.N.Y. Jan. 24, 1990)).

The Second Circuit has interpreted the mandatory withdrawal provision “to require withdrawal . . . of cases or issues that would otherwise require a bankruptcy court judge to engage in significant interpretation, as opposed to simple application, of federal laws apart from the bankruptcy statutes.” *City of New York v. Exxon Corp.*, 932 F.2d 1020, 1026 (2d Cir. 1991) (citations omitted); *see also Picard v. Avellino*, 469 B.R. 408, 411 (S.D.N.Y. 2012) (noting that “the Second Circuit has ruled that mandatory ‘[w]ithdrawal . . . is not available merely whenever non-Bankruptcy Code federal statutes will be considered in the bankruptcy court proceeding, but is reserved for cases where substantial and material consideration of non-Bankruptcy Code federal statutes is necessary for the resolution of proceeding’”) (omission added) (quoting *Shugrue v. Air Line Pilots Ass’n Int’l (In re Ionosphere Clubs, Inc.)*, 922 F.2d 984, 995 (2d Cir.

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<sup>12</sup> Kodak’s infringing products have been and continue to be placed in the stream of commerce.

1990)); *McCrory Corp. v. 99¢ Only Stores (In re McCrory Corp.)* 160 B.R. 502, 505 (S.D.N.Y. 1993) (determining, in granting motion to withdraw reference, that “consideration” of non-Bankruptcy Code federal law requires neither consideration of unsettled law nor an issue of first impression). Here, “substantial and material consideration” of non-bankruptcy federal patent law is necessary to resolve the Kyocera Infringement Proceeding because the dispute involves complex issues of patent law.

Courts have held that, where resolution of the adversary proceeding requires substantial and material consideration of patent law, mandatory withdrawal of the reference is required. *See The Singer Co. N.V. v. Groz-Beckert KG (In re The Singer Co. B.V.)*, No. 01 Civ. 0165 (WHP), 2002 WL 243779, at \*3 (S.D.N.Y. Feb. 20, 2002) (“*In re Singer*”) (granting a motion to withdraw the reference in an action involving patent law issues of implied licenses, claim construction, and infringement because resolution of the adversary proceeding required “substantial and material consideration of patent law”); *U.S. Gypsum Co. v. Nat’l Gypsum Co.*, 145 B.R. 539, 542 (N.D. Tex. 1992) (holding that withdrawal of the reference was required where the patent issues raised by the proof of claim, which included infringement and related defenses, required “substantial and material consideration” of non-bankruptcy federal patent and antitrust law); *In re Dahlgren Int’l, Inc.*, 147 B.R. 393, 396 (N.D. Tex. 1992) (granting mandatory withdrawal of the reference for resolution of dispute over post-petition patent infringement). As the *Singer* court noted in its order granting a motion to withdraw the reference, “[u]nquestionably, determining whether an accused product infringes a patent requires significant and material consideration of patent law.” *Singer*, 01 Civ. 0165 (WHP), 2002 WL 243779, at \*3. Mandatory withdrawal of the reference in patent infringement actions is

warranted.<sup>13</sup>

The Kyocera Infringement Proceeding implicates a host of substantial and material issues grounded in federal patent law that would need to be reconciled with bankruptcy law and thus would require mandatory withdrawal under section 157(d). In this patent infringement action, the Court will hear a number of claims, defenses, and counterclaims unique to patent law, all of which will require the interpretation and application of patent law regulations and statutes in light of Federal Circuit precedent. The complex nature of the proceeding, the highly technical nature of the Kyocera patents, and the substantial and material consideration of patent law necessary for this proceeding's resolution warrant withdrawal of the reference.

The Court's determination of infringement, for example, will involve a technical two-step process. See *Strattec Sec. Corp. v. Gen. Auto. Specialty Co., Inc.*, 126 F.3d 1411, 1416 (Fed. Cir. 1997); *Carroll Touch, Inc. v. Electro Mech. Sys., Inc.*, 15 F.3d 1573, 1576 (Fed. Cir. 1993); *In re Singer*, 01 Civ. 0165 (WHP), 2002 U.S. Dist. LEXIS 2629 (S.D.N.Y. February 20, 2002). First, the Court must construe the scope and meaning of the claims of Kyocera's 15 asserted patents. See *Generation II Orthotics, Inc. v. Med. Tech., Inc.*, 263 F.3d 1356, 1363 (Fed. Cir. 2001) (citing *Carroll Touch, Inc.*, 15 F.3d at 1576); *Markman v. Westview Instruments, Inc.*, 52 F.3d

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<sup>13</sup> Even procedural and evidentiary issues in bankruptcy and patent infringement cases are in conflict and require mandatory withdrawal of the reference. As the Federal Circuit recently noted, in correcting a district court's application of Second Circuit standards for a preliminary injunction:

[T]he Federal Circuit has explained that a preliminary injunction enjoining patent infringement pursuant to 35 U.S.C. § 283 involves substantive matters unique to patent law and, therefore, is governed by the law of this [Federal Circuit] court.

*Revision Military Inc. v. Balboa Mfg. Co.*, 700 F.3d 524 (Fed. Cir. 2012) (rejecting the Second Circuit's higher standard for preliminary injunctions in favor of the Federal Circuit "more likely than not" standard, because, "although a procedural matter, [the issue] involves substantive matters unique to patent law"), following *Hybritech Inc. v. Abbot Labs.*, 849 F.2d 1446, 1451 n.12 (Fed. Cir. 1988). See also *Reebok Int'l Ltd. v. J. Baker, Inc.*, 32 F.3d 1552, 1555 (Fed. Cir. 1994); *Purdue Pharma L.P. v. Boehringer Ingelheim GmbH*, 237 F.3d 1359 (Fed. Cir. 2001); *Mikohn Gaming Corp. v. Acres Gaming, Inc.*, 165 F.3d 891 (Fed. Cir. 1998).

967, 976 (Fed. Cir. 1995) (en banc), *aff'd*, 517 U.S. 370 (1996). The claim construction process typically begins with a *Markman* hearing, at which both parties present their proposed claim constructions as well as arguments in support of each construction. Then, applying a body of law developed by the Federal Circuit governing claim construction, the court will determine its independent construction of the claims, which involves examination of the patent itself, prosecution history, and, at times, extrinsic evidence. *See Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1309 (Fed. Cir. 1999) (en banc); *see also Exxon Chem. Patents, Inc. v. Lubrizol Corp.*, 64 F.3d 1553 (Fed. Cir. 1994) (acknowledging that “the trial judge has an independent obligation to determine the meaning of the claims, notwithstanding the views asserted by the adversary parties”). In this case, the Court will be required to construe the scope and meaning of each claim of Kyocera’s 15 asserted patents, which amounts to the construction of potentially over 200 separate claims. (*See* Complaint Exhs. 1-15.)

Second, the trier of fact will have to determine whether Kodak’s products infringe the claims of Kyocera’s patents. *See Generation II Orthotics, Inc.*, 263 F.3d at 1363 (citing *Carroll Touch, Inc.*, 15 F.3d at 1576; *Cybor Corp. v. Fas Techs., Inc.*, 138 F.3d 1448, 1467 (Fed. Cir. 1998) (noting that the second step is “done by the fact finder”) (citations omitted). In this case, the trier of fact will be required to analyze whether Kodak infringed Kyocera’s patents directly or indirectly, and either literally or by the doctrine of equivalents. (*See, e.g.*, Complaint, Claims 1-15.)

The resolution of this patent infringement action will also require the review of Kodak’s asserted affirmative defenses and counterclaims, most of which will be unique to patent law and all of which will require the interpretation and application of patent law statutes, relevant regulations, and Federal Circuit precedent. Routinely asserted invalidity defenses arising under

35 U.S.C. §§ 102, 103,<sup>14</sup> and 112,<sup>15</sup> as well as the often-asserted defense of inequitable conduct,<sup>16</sup> exemplify the intricacies of patent law and, in some instances, newly developed law in the area, the application of which still remains in flux.

In large part due to the complex nature (both scientific and legal) of these questions, Congress has determined that judicial economy may be best served by having such matters dealt with by specialized federal district courts. *See, e.g., Pilot Program in Certain District Courts,*

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<sup>14</sup> If Kodak chooses to assert the invalidity defenses of anticipation under 35 U.S.C. § 102 or obviousness under § 103, both of which are based on prior art, the Court will be required to undertake the highly specialized question of analyzing the prior art and comparing it to the claims of the Kyocera patents. To analyze prior art under 35 U.S.C. § 102(b), for example, the Court would be required to determine whether “the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States.” 35 U.S.C. § 102(b). Though the statute may appear to be straightforward on its face, its application is highly dependent on Supreme Court and Federal Circuit precedent. *See, e.g., Invitrogen Corp v. Biocrest Mfg. L.P.*, 424 F.3d 1374, 1380 (Fed. Cir. 2005) (stating the test for public use); *Allen Eng’g Corp v. Bartell Indus., Inc.*, 299 F.3d 1336, 1354 (Fed. Cir. 2002) (stating the primary inquiry for the experimental use exception) (citation omitted); *Atl. Thermoplastics Co. v. Faytex Corp.*, 970 F.2d 834, 836-37 (Fed. Cir. 1992) (noting that “[a] single sale or offer to sell suffices to bar patentability”) (citation omitted).

<sup>15</sup> Two additional often-asserted invalidity defenses are written description and enablement, both which arise under the first paragraph of 35 U.S.C. § 112. The resolution of written description requires the Court to examine and analyze the patent to determine whether the specification describes the claimed invention in sufficient detail such that one of ordinary skill in the art can reasonably conclude that the inventor possessed the invention at the time of filing. *See Ariad Pharmaceuticals, Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc). Many of the elements in the test of sufficiency of written description are further defined by a long line of cases. *See, e.g., Ariad*, 598 F.3d 1336 at 1351–52 (acknowledging that the “more complete formulation” of “possession” is “possession as shown in the disclosure”); *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 421 (2007) (“A person of ordinary skill in the art is also a person of ordinary creativity, not an automaton”); *In re GPAP Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995) (providing factors that may be considered in determining the level of ordinary skill in the art). The result will usually demand a case-by-case inquiry. *See Ariad*, 598 F.3d 1336 at 1351–52 (noting that “that determining whether a patent complies with the written description requirement will necessarily vary depending on context”). As with written description, enablement contains a number of required elements—several that require consideration of a number of factors. *See, e.g., In re Wands*, 858 F.2d 731, 737 (Fed. Cir. 1991) (providing undue experimentation factors); *see also Chiron Corp. v. Genentech, Inc.*, 363 F.3d 1247, 1254 (Fed. Cir. 2004) (noting that the application must satisfy the enablement requirement as of the filing date). As recently as 2010, the Federal Circuit confirmed that written description and enablement are separate requirements. *See Ariad*, 598 F.3d at 1340.

<sup>16</sup> Another commonly-asserted defense is inequitable conduct. There will be no valid basis for an inequitable conduct claim, but Kyocera expects that Kodak will assert such a claim and that the Court will need to address it. As with the aforementioned section 112 requirements, the Federal Circuit has recently revisited the inequitable conduct doctrine. *See, e.g., Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (en banc); *see also Mike Sobolev, Therasense, Inc. v. Becton, Dickinson and Co.: A Radical Change in the Legal Standard of Inequitable Conduct*, BERKELEY TECH. L.J. BOLT (June 22, 2011), <http://btlj.org/?p=1290> (noting that *Therasense* “radically chang[ed] the legal landscape of the inequitable conduct doctrine”). Courts are still determining its application. *See, e.g., W.L. Gore & Assocs. Inc. v. Medtronic, Inc.*, 850 F. Supp. 2d 630, 634 (E.D. Va. 2012) (noting that *Therasense* did not specifically address the pleading stage).

Pub. L. 111-349, 124 Stat. 3674 (2011); *see also* Press Release, Office of the District Court Executive, United States District Court for the Southern District of New York, *Ten SDNY Judges To Participate In Patent Pilot Program Starting November 26\** (October 13, 2011) (updated November 3, 2011). Intellectual property litigation is particularly suited for courts that handle these cases with regularity. Patent laws involve nuanced application of Title 35 of the United States Code and Patent Office regulatory law and are best determined by the District Court resources designated to handle these cases. The Kyocera Infringement Action is expected to require a jury trial spanning the course of several weeks, which the Bankruptcy Court is ill-equipped to handle in light of the Court's demands relating to Kodak's other Chapter 11 issues and its general caseload.

**B. Alternatively, Withdrawal of the Reference Is Warranted for Cause.**

1. The Section 157(d) Cause Standard Generally.

Withdrawal of the reference is also appropriate, as a permissive matter, even if withdrawal were not mandatory. The District Court has discretion to withdraw any case or proceeding referred to the Bankruptcy Court on its own motion or on timely motion of any party for cause shown. *See* 28 U.S.C. § 157(d); FED. R. BANKR. P. 5011. Although the statute does not expressly define the meaning of "cause," courts have instructed that, in determining whether "cause" exists, the District Court "should consider the goals of promoting uniformity in bankruptcy administration, reducing forum shopping and confusion, fostering the economical use of the debtors' and creditors' resources, and expediting the bankruptcy process." *Holland Am. Ins. Co. v. Succession of Roy*, 777 F.2d 992, 999 (5th Cir. 1985).

The Court of Appeals for the Second Circuit has instructed courts to consider three factors in assessing whether permissive withdrawal is appropriate: (1) whether the proceeding is

“core” or “non-core”;<sup>17</sup> (2) whether the proceeding is legal or equitable; and (3) “considerations of efficiency, prevention of forum shopping, and uniformity in the administration of bankruptcy law.” *Orion Pictures Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.)*, 4 F.3d 1095, 1101 (2d Cir. 1993). Whether the proceeding is core or non-core (whether nominally or under the principles enunciated in *Stern*) is an important consideration, because questions of judicial economy may hinge on such a determination. *See id.* While a bankruptcy court can, for example, “submit proposed findings of fact and conclusions of law to the district court” only in a non-core proceeding (*see* 28 U.S.C. § 157(c)(1)), or, after *Stern*, even in some proceedings that nominally are core, it is often more efficient, fairer, and cheaper for a non-core matter to proceed entirely in the district court rather than having two separate proceedings. *See Orion*, 4 F.3d at 1101 (“unnecessary costs could be avoided by a single proceeding in the district court”).

Other courts have relied upon a broader list of factors in assessing whether cause exists:

1. whether the claim is core or non-core;
2. whether the claim is legal or equitable;
3. whether the claim is triable by a jury;
4. the most efficient use of judicial resources;
5. reduction of forum shopping;
6. conservation of estate and non-debtor resources; and
7. uniformity of bankruptcy administration.

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<sup>17</sup> As discussed below, *Stern* and other recent decisions have suggested that the core/non-core distinction among the *Orion* factors in the Southern District is no longer the key inquiry (suggesting that after the Supreme Court’s decision in *Stern*, the key inquiry is whether the Bankruptcy Court has “final adjudicative authority” over the matter). Nevertheless, these decisions recognize, “the bankruptcy court may not enter final judgment. . . on any non-core claims.” *Weisfelner v. Blavatnik (In re Lyondell Chemical Co.)*, 467 B.R. 712, (Bankr. S.D.N.Y. 2012). *See also In re Extended Stay, Inc.*, 466 B.R. 188, 204 (Bankr. S.D.N.Y. 2011) (“the core/non-core distinction is still a relevant consideration in permissive withdrawal analysis, except to the extent *Stern* holds that Congress’s classification of a claim as ‘core’ exceeds the boundaries of Article III.”).

See, e.g., *Levine v. M & A Custom Home Builder & Developer, LLC*, 400 B.R. 200, 203 (S.D. Tex. 2008) (citing *Holland Am. Ins.*, 777 F.2d at 998-99); *Daewoo Motor Am., Inc. v. Gulf Ins. Co. (In re Daewoo Motor America, Inc.)*, 302 B.R. 308, 310 (Bankr. C.D. Cal. 2003) (citing *In re Orion*, 4 F.3d at 1101). “[I]t is helpful to make the core/non-core determination before considering the other factors because this determination implicates the efficiency and uniformity factors.” *In re Daewoo Motor America*, 302 B.R. at 311. Each of these factors either weighs in favor of withdrawal or is irrelevant to the ultimate question.<sup>18</sup>

2. The Kyocera Infringement Proceeding Is Not a Core Proceeding and Involves Substantial Patent and Other Federal Non-Bankruptcy Law.

A proceeding is “core” if it could arise only in a bankruptcy case. See, e.g., *Hough v. Margulies (In re Margulies)*, 476 B.R. 393, 399 (Bankr. S.D.N.Y. 2012) (citing *Wood v. Wood (In re Wood)*, 825 F.2d 90, 97 (5th Cir. 1987) (“If the proceeding does not invoke a substantive right created by the federal bankruptcy law and is one that could exist outside of bankruptcy it is not a core proceeding.”)) A claim that is “independent of bankruptcy and involve facts wholly antecedent to the bankruptcy” is not core. *In re Fairfield Sentry Ltd. Litig.*, 458 B.R. 665, 685 (Bankr. S.D.N.Y. 2011). Importantly, a matter does not constitute a “core” proceeding merely because the debtor’s successful defense of a claim would enhance the value of the bankruptcy estate or increase the likelihood of a successful reorganization, particularly after *Stern*. See *Acolyte Elec. Corp. v. City of New York*, 69 B.R. 155, 175 (Bankr. E.D.N.Y. 1986); see also *McCrorry Corp.*, 160 B.R. at 506.

The Kyocera Infringement Proceeding, a patent infringement suit under the Patent Act, is not a core proceeding, as it does not invoke a right created by the Bankruptcy Code, nor does it

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<sup>18</sup> Moreover, the principles of *Stern* support withdrawal. See generally *Stern*, 131 S. Ct. 2594 (limiting bankruptcy court jurisdiction as to matters not properly within the scope of the Bankruptcy Code as permitted under Article III of the Constitution).

fall within the list of enumerated “core” proceedings. *See, e.g., In re Castlerock Props.*, 781 F.2d 159, 162 (9th Cir. 1986) (holding state law claims that “do not specifically fall within the categories of core proceedings enumerated in 28 U.S.C. § 157(b)(2)(B)-(N)” are non-core “related proceedings” under 28 U.S.C. § 157(c)); *see also Coho Oil & Gas, Inc. v. Finley Res., Inc. (In re Coho Energy, Inc.)*, 309 B.R. 217, 222 (Bankr. N.D. Tex. 2004) (finding that “an action seeking damages for pre-petition breaches of pre-petition contracts and for pre-petition tortious conduct” was “a non-core proceeding which neither arises in nor under title 11”). Accordingly, because Kyocera’s claims in the adversary proceeding arise under the Patent Act and could “just as easily” have been brought outside of the Bankruptcy Court, the proceeding is not core.

The sole connection between Kyocera’s infringement suit and the bankruptcy case is that the suit may negatively affect the value of the Kodak bankruptcy estate. This does not, however, convert the lawsuit into a “core” proceeding. *See e.g., Little Rest Twelve*, 458 B.R. at 55 (dispute between debtor and non-creditor is not a core proceeding where sole link to bankruptcy is that “determination of the action would affect the ultimate size of the estate”); *In re Best Prods. Co.*, 68 F.3d 26, 32 (2d Cir. 1995) (comparing a dispute over “priority rights of creditors who have filed claims against the estate” with, as here, “a proceeding that simply seeks to augment the estate”).

This is a dispute over non-bankruptcy issues that could have arisen “outside the context of the bankruptcy estate.” *Gruntz v. County of Los Angeles (In re Gruntz)*, 202 F.3d 1074, 1081

(9th Cir. 2000). Accordingly, this matter is a non-core proceeding that should be heard by the District Court.<sup>19</sup>

3. Withdrawal Is Required Because the Bankruptcy Court Would Adjudicate “Private Rights”.

Bankruptcy courts’ jurisdiction is limited by the Constitution. Because they are not Article III courts, the Constitution prohibits them from exercising jurisdiction over matters merely “related to” matters arising under the Bankruptcy Code. *N. Pipeline Const. Co. v. Marathon Pipeline Co.*, 458 U.S. 50, 76 (1982). *Accord Stern*, 131 S. Ct. at 2597. While bankruptcy courts are tasked with adjudicating rights among debtors and creditors within the confines of the Bankruptcy Code, they cannot determine “private rights” arising outside of bankruptcy. *See Northern Pipeline*, 458 U.S. at 71 (“the restructuring of debtor-creditor relations, which is at the core of the federal bankruptcy power, must be distinguished from the adjudication of state-created private rights, such as the right to recover contract damages”).

A bankruptcy court cannot decide, for example, contract or tort claims arising under state law. *See, e.g., Stern*, 131 S. Ct. 2594 (concerning tortious interference); *Northern Pipeline*, 458 U.S. 50. Indeed, even if such claims are designated as “core” under section 157(b)(2)(C), constitutional limits still apply to bankruptcy courts. *See Dev. Specialists, Inc. v. Akin Gump Strauss Hauer & Feld, LLP*, 462 B.R. 457, 467 (Bankr. S.D.N.Y. 2011) (“If the claim involves private rights, Congress cannot vest final adjudicative power over it in the Bankruptcy Court consistent with Article III, whether the claim is ‘core’ or ‘non-core’.”) In *Stern*, for example, the Supreme Court held that the bankruptcy court could not enter final judgment on a claim for

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<sup>19</sup> The Supreme Court’s recent decision in *Stern* does not change this result. *Stern* expands the types of cases that can be permissively withdrawn to include matters, core and non-core, where the Bankruptcy Court cannot enter final orders because of the constitutional boundaries on the Court’s jurisdictional authority pursuant Article III.

tortious interference despite that the claim constituting a “core proceeding” under section 157(b)(2)(C) because the claim arose under non-bankruptcy law. *See id.* at 2604.

Similarly, the fact that the value of the bankruptcy estate may hinge upon the debtor’s defense of a claim does not make the claim a “public” right. *See, e.g., Granfinanciera S.A. v. Nordberg*, 492 U.S. 33, 56 (1989) (noting that claims that affected the value of a bankruptcy estate were “private rights,” in contrast with “creditors’ hierarchically ordered claims to a pro rata share of the bankruptcy res”); *In re Coudert Bros. LLP*, App. Case No. 11–2785 (CM), 2011 WL 5593147, at \*7 (S.D.N.Y. Sept. 23, 2011); *Northern Pipeline*, 458 U.S. at 72 (a “private right . . . is . . . the liability of one individual to another under the law as defined”) (quotation omitted). Thus, both before and after *Stern*, the rule remains that a bankruptcy court does not have jurisdiction over a proceeding simply because the result may impact the value of the debtors’ bankruptcy estate.

The Kyocera Infringement Proceeding clearly involves exclusively private rights, as the proceeding pertains solely to Kodak’s infringement of patents held by Kyocera and the harm suffered by Kyocera as a result. It involves the “liability of one individual to another”—Kodak’s liability to Kyocera—as a result of the infringement. *Northern Pipeline*, 458 U.S. at 72. Adjudication of these rights is not within the purview of the Bankruptcy Court.

4. Withdrawal Is Warranted Because a Jury Trial Is Required.

Kyocera is entitled to a jury trial, which the Bankruptcy Court lacks the authority to conduct absent both parties’ consent. *See* 28 U.S.C. § 157(e) (permitting a bankruptcy court to conduct a jury trial only “with the express consent of all the parties”); *Orion*, 4 F.3d at 1101 (“the Constitution prohibits bankruptcy courts from holding jury trials in non-core matters”); *In re J.T. Moran Fin. Corp.* 124 B.R. 931, 941 (S.D.N.Y. 1991) (noting that “[a] bankruptcy court

does not have authority to conduct a jury trial in a non-core proceeding especially when all the parties have not consented”); *Granfinanciera*, 492 U.S. at 42 (“Congress cannot eliminate a party’s Seventh Amendment right to a jury trial merely by relabeling the cause of action to which it attaches and placing exclusive jurisdiction in an administrative agency or a specialized court of equity.”). Kyocera has claims against Kodak requiring trial by jury and has not consented—and does not consent—to a jury trial in the Bankruptcy Court.

The right to a jury trial hinges primarily on whether the claim is a legal or equitable one. *See Granfinanciera*, 492 U.S. at 42 (legal rights, rather than equitable ones, may be determined by jury). A patent infringement claim seeking monetary damages is a legal claim, *see, e.g., Windsurfing Int’l, Inc. v. Ostermann*, 534 F.Supp. 581, 585 (S.D.N.Y. 1982), giving rise to a right to jury trial even if equitable claims are also present in the same case. *See Swofford v. B & W, Inc.*, 336 F.2d 406, 409 (5th Cir. 1964) (“It has been held that when plaintiffs seek injunctive relief, an equitable accounting and damages under the current Patent Act, they are entitled to a jury trial as of right on the claim for damages.”) (citation omitted), *cert. denied*, 379 U.S. 962 (1965). Indeed, “all doubts must be resolved in favor the party seeking a jury trial.” *Design Strategies, Inc. v. Davis*, 367 F. Supp. 2d 630, 638 (S.D.N.Y. 2005).

Because Kyocera’s rights in the Kyocera Infringement Proceeding are unquestionably both legal and equitable in nature, Kyocera is thus entitled to a trial by jury, which the Bankruptcy Court cannot conduct.

5. Judicial Efficiency Supports Withdrawing the Reference, and Withdrawal Will Conserve Court and Party Resources.

Where, as here, “non-core issues predominate,” judicial efficiency is enhanced by withdrawing the reference. *See Sec. Farms v. Int’l Broth. of Teamsters, Chauffers, Warehousemen & Helpers*, 124 F.3d 999, 1008 (9th Cir. 1997); *In re ATG Catalytics*, No. C-04-

1450, 2004 WL 2609230, at \*1 (N.D. Cal. July 19, 2004) (“Judicial efficiency is enhanced by withdrawing the reference because [*inter alia*] non-core issues predominate . . .”). It is well established that “[i]nasmuch as a bankruptcy court’s determinations on non-core matters are subject to *de novo* review by the district court, unnecessary costs could be avoided by a single proceeding in the district court.” *Security Farms*, 124 F.3d at 1009.

Kyocera’s patent infringement claims against Kodak are decidedly non-core as they arise exclusively under the Patent Act and not under the Bankruptcy Code. Accordingly, withdrawing the reference would promote judicial efficiency by allowing this dispute to be decided in the forum in which a final judgment will ultimately be entered, rather than causing the Bankruptcy Court to go through the process of making decisions that likely will be revisited *de novo* in the District Court. *See Veys v. Riske*, No. C07-562BHS, 2007 WL 4246172, at \*4 (W.D. Wash. Nov. 28, 2007) (withdrawing the reference where noncore matter did not “implicate the bankruptcy court’s unique knowledge of Title 11,” such that declining to withdraw the reference would “needlessly require the time and attention of two courts rather than one.”). In contrast, allowing this matter to proceed in the Bankruptcy Court could only prolong resolution, because substantive decisions will likely be revisited *de novo* in the District Court.

Withdrawing the reference will “save time and money,” because “all [but one] of the claims in the adversary proceeding are non-core and will have to be finally determined *de novo* by the [District] Court after a second round of briefing in response to the bankruptcy court’s eventual recommendation.” *In re Zante, Inc.*, No. 3:10-cv-00231, 2010 WL 5477768, at \*7 (D. Nev. Dec. 29, 2010). Withdrawal will conserve the resources of the courts, the defendants, and the bankruptcy estate, because “unnecessary costs can be avoided by a single proceeding in the

district court.” *Equipoint Fin. Network, Inc. v. Network Appraisal Servs., Inc.*, No. 09-CV-01252-H, 2009 WL 2135873, at \*3 (S.D. Cal. July 15, 2009).

Moreover, this matter involves in substantial part the interpretation of patent law, with which the District Court has significant experience. *See Weiss v. OFS Fitel, LLC*, 361 B.R. 315, 317 (D. Mass. 2007) (citing pending patent infringement action in district court as one reason for granting motion to withdraw reference of tortious interference adversary proceeding, noting that “predominance of federal law in the pending patent infringement action . . . strongly implicates non-core federal bankruptcy law, which the district court is best equipped to apply”); *In re Mitchell*, 206 B.R. 204 (Bankr. C.D. Cal. 1997) (finding that a lawsuit involving state law issues “as to which bankruptcy judges have no special expertise” was properly heard in the district court, which “is better qualified to decide these issues” than the bankruptcy court); *In re Nat’l Consumer Mortg., LLC*, No. SACV 09-792, 2009 WL 2985243, at \*4 (C.D. Cal. Sept. 14, 2009) (granting motion to remand where movant argued that the non-core matter “alleges a state law claim and raises no bankruptcy issues which would benefit from the expertise of the bankruptcy court”).

By contrast, this matter does not involve the determination of any specialized bankruptcy issues that would require the unique substantive expertise of the Bankruptcy Court. Indeed, resolution of the Kyocera Infringement Proceeding involves no direct bankruptcy issues at all. Accordingly, withdrawing the reference to the Bankruptcy Court would allow for the most efficient and expedient resolution of this matter.

**C. None of the Remaining Factors Weighs Against Withdrawing the Reference.**

1. Withdrawal Will Not Encourage Forum Shopping.

Forum shopping in the context of a motion to withdraw the reference may occur where a District Court’s withdrawal of the reference “essentially revers[es] the bankruptcy court’s prior

determinations.” *Canter v. Canter (In re Canter)*, 299 F.3d 1150, 1154 (9th Cir. 2002). That is not the case here, as the Bankruptcy Court has not made any substantive determinations in the Kyocera Infringement Proceeding or otherwise with respect to Kyocera. Thus, as the motion to withdraw was brought before any substantive ruling by the Bankruptcy Court (which ruling would, in any event, be subject to *de novo* review in the District Court), there is no suggestion of forum shopping. See *Security Farms*, 124 F.3d at 1009 (argument that withdrawal encourages forum shopping “misstates the effect of the district court’s decision to withdraw the reference” because, “without regard to withdrawal, the bankruptcy court’s order . . . inevitably was subject to the approval of the district court.”); *Rodriguez v. Countrywide Home Loans, Inc.*, 421 B.R. 341, 352 (S.D. Tex. 2009) (“When a movant has been consistent in its position that particular proceedings belong in the district court, however, there is no support for forum shopping.”).

2. Withdrawal Will Not Disrupt the Uniformity of Bankruptcy Administration.

This proceeding involves only the application of patent law principles and federal non-bankruptcy issues and does not arise in or under Title 11. See 28 U.S.C. § 1334(a). Accordingly, withdrawal will not disrupt the uniformity of bankruptcy administration. See *Veys*, 2007 WL 4246172, at \*6 (granting motion to withdraw the reference of non-core claim that was “largely independent from issues of bankruptcy administration”). Indeed, as one court has noted, “[w]here an action involves garden variety breach of contract matters that are non-core, uniformity in bankruptcy law ‘compels withdrawal’ of those claims.” *Solutia Inc. v. FMC Corp.*, No. 04 Civ. 2842, 2004 WL 1661115, at \*4 (S.D.N.Y. July 27, 2004). See also *Stern*, 131 S. Ct. at 2618 (“Congress may not bypass Article III simply because a proceeding may have some bearing on a bankruptcy case; the question is whether the action at issue stems from the bankruptcy itself or would necessarily be resolved in the claims allowance process.”); *In re The VWE Grp., Inc.*, 359 B.R. 441, 451 (S.D.N.Y. 2007) (granting motion to withdraw where

uniformity of bankruptcy law would not be adversely affected since non-core claim was “not brought under bankruptcy law”, “arose prior to and independent of the Debtor’s bankruptcy filing”, and did “not otherwise concern administration of the bankruptcy estate”). The same logic applies to state law tort and federal patent infringement claims. *See* 28 U.S.C. § 1334(b). Thus, the uniformity of bankruptcy administration would not be affected.

3. Withdrawal Is Appropriate Because This Matter Predominately Involves Legal Issues.

Here the issue of patent infringement and related issues are largely legal issues, which historically have not fallen within a bankruptcy court’s equitable jurisdiction, but are routinely decided by district courts. Patent infringement actions seeking damages are actions “at law.” *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574, 1579 (Fed. Cir. 1991). Although injunctive and declaratory relief do arise from a bankruptcy court’s equitable powers, those claims are corollary to the patent infringement claims and resulting demand for damages, which predominate. Accordingly, this factor likewise weighs in favor of withdrawing the reference and deciding this matter in the District Court.

**V.  
CONCLUSION**

The Kyocera Infringement Proceeding requires consideration of “other laws of the United States regulating organizations or activities affecting interstate commerce” – specifically, significant consideration of complex issues of patent law. *See* 28 U.S.C. § 157(d). Thus, withdrawal of the reference is mandatory. Moreover, all of the factors relevant to the determination of whether to withdraw the reference for cause weigh strongly in favor of withdrawal or are otherwise neutral. Kyocera respectfully requests that the District Court withdraw the reference for this matter, permit the prosecution of the adversary proceeding in the

District Court, and grant such other and further relief as may be appropriate both at law and in equity.

Dated: New York, New York  
January 3, 2013

Respectfully submitted,

MORRISON & FOERSTER LLP

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**EXHIBIT A**

CALENDARED  
MORRISON & FOERSTER  
DOCKET DEPT.

November 1, 2012

For Date(s): 11-6-12 / 12-24-12  
John Dukes

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF NEW YORK

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EASTMAN KODAK COMPANY,

Plaintiff

DECISION AND ORDER

-vs-

10-CV-6334 CJS

KYOCERA CORPORATION,

Defendant

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## INTRODUCTION

This is an action for breach of contract. Now before the Court is Plaintiff's motion (Docket No. [#105]) for partial summary judgment as to liability. The application is denied.

## BACKGROUND

Unless otherwise noted, the following are the undisputed facts of this case, viewed in the light most-favorable to Kyocera, the non-moving party. The reader is presumed to be familiar with prior Decisions and Orders of this Court which discuss some of the underlying facts. See, Decision and Order dated April 14, 2011 [#48]; Decision and Order dated September 17, 2012 [#131] (Hon. Marian W. Payson, United States Magistrate Judge).

On August 21, 2002, Eastman Kodak Company ("Kodak") and Kyocera Corporation ("Kyocera") executed the subject Patent Licensing Agreement ("PLA"). At the same time, the parties executed a side letter, between Kodak's Senior Vice President, Willy Shih, and Kyocera's Director, Deputy General Manager, Yoshihiko Nishikawa, clarifying a portion of the PLA. (Hereinafter, "the Side Letter").

The PLA covers both Digital Cameras and Integrated Digital Cameras.<sup>1</sup> Integrated Digital Cameras are "multi-function devices" such as cell phones that include a camera. The subject dispute is limited to royalties on such Integrated Digital Cameras, and specifically, on camera phones. The PLA includes the following "Definitions" and

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<sup>1</sup>At oral argument, Kodak's counsel argued that the PLA actually covers a third category as well, which is "stand alone camera modules" which have all the "functionality" of a Digital Camera as defined in the PLA, which are sold prior to being installed into an integrated device. As discussed further below, the Court does not find that to be a plausible reading of the PLA, but to the extent that it is, it would not be unambiguous.

provisions:

1.2 'Digital Camera' shall mean a portable, self-contained device utilizing an Area Image Sensor having at-least three hundred thousand (300,000) pixels, as well as electronics and optical elements that captures [sic] still or motion images of visible radiation and (a) records a digital signal representing such images on a Removable Digital Storage Media or (b) stores at least two such images in internal memory.

\*\*\*

1.7 'Integrated Digital Camera' shall mean an integrated, non-separable, self-contained Multi-Function Device that utilizes an Area Image Sensor which Sensor has greater than three hundred thousand (300,000) pixels as well as electronics and optical elements that captures still or motion images of visible radiation and (a) records a digital signal representing such images on a Removable Digital Storage Media or (b) stores at least two such images in internal memory.

\*\*\*

1.11 'Licensed Products' shall mean (i) Digital Camera(s) . . . and (ii) for repair or replacement purposes only components of a Digital Camera . . . and (iii) Integrated Digital Camera(s) including without limitation modules that function as Digital Cameras, which modules are to be incorporated into Integrated Digital Camera's [sic] but excluding . . . portions of the Integrated Digital Camera exclusively performing non-camera functions, as those functions are described in the definition of a Multi-Function Device herein, e.g. a voice transmitting/receiving cell phone (hereinafter "Non-Camera Portions") . . . .

\*\*\*

1.15 'Multi-Function Device' shall mean a device that performs as a fully functional stand-alone consumer electronic device providing substantial non-camera functions in addition to those typically provided by a digital camera. Examples of such stand-alone consumer electronic devices providing substantial non-camera functions include, but are not limited to a voice transmitting/receiving cellular telephone.

1.16 'Net Sales' in this Agreement shall be determined based on whether a Digital Camera enters the consumer market as a Kyocera Branded Licensed Product or an OEM Licensed Product as defined below.

(cont.)

Kyocera Branded Licensed Product

In the case of an arms length sale or other disposal of a Kyocera Branded Licensed Product, Net Sales shall mean the total net revenue received by Kyocera and its Subsidiaries resulting from the sale or placement of such Kyocera Branded Licensed Product whether through purchase, lease or other commercial transaction . . . .

\*\*\*

OEM Licensed Product

In the case of an arms length sale or other disposal of a OEM Licensed Product, and which is made with (a) Kyocera's components and/or (b) third party components purchased in an arms length sale, Net Sales shall mean the total net revenue received by Kyocera and its subsidiaries resulting from the sale or placement of such OEM Licensed Product whether through purchase, lease or other commercial transactions . . . .

\*\*\*

Integrated Digital Camera Product<sup>2</sup>

As to Integrated Digital Camera [sic], it is understood by the parties that Kyocera, currently through its Optical Equipment Division, sells or disposes of a *Digital Camera in the form of a module* which is to be incorporated into an Integrated Digital Camera either by a Kyocera Subsidiary or a third party or Kyocera's other division. It is, therefore, agreed by the parties hereto that only with respect to Integrated Digital Cameras, Net Sales shall be the sale price of the *Digital Camera in the form of a module* sold or disposed of by Kyocera to a Kyocera Subsidiary or third party or to another Kyocera division with respect to the sale of *digital camera modules* prior to the integration of the *Digital Camera in the form of a module* into the Integrated Digital Camera, less any Deduction.

In the case where the sale or disposal of a *Digital Camera in the form of a*

---

<sup>2</sup>The Court believes from a plain reading of the PLA that "Net Sales" of the subject camera phones is determined by this paragraph of the PLA. At oral argument, Kodak's counsel argued that the first paragraph of § 1.16, entitled "Kyocera Branded Licensed Products," determines "Net Sales" for such devices, and that the subject paragraph entitled "Integrated Digital Camera Product" actually does not refer to Integrated Digital Camera Products, notwithstanding its heading, but only refers to "stand alone" Digital Camera modules that are sold by Kyocera prior to being installed in an Integrated Digital Camera Product. The Court does not find such argument plausible. In any event, to the extent that Kodak's counsel is correct, such fact would only increase the ambiguity of the PLA.

module to be incorporated into an Integrated Digital Camera has not been sold in an arms length transaction to a Kyocera Subsidiary or a non-affiliated third party or to another Kyocera division with respect to the sale of digital camera modules, the Net Sales shall mean Kyocera's open market price to a non-affiliated third party for such Digital Camera in the form of a module on the date when such sale occurred less any Deductions or, alternatively, if there is no open market price, an imputed price determined on a commercially reasonable basis to be no less than the price of a commercially available Digital Camera in the form of a module which are [sic] in respect of features and functions equal or substantially equivalent to Kyocera's digital camera module.

\*\*\*

1.17 'OEM Licensed Product' shall mean Licensed Product sold or otherwise disposed of under a tradename or trademark that is owned by a third party.

\*\*\*

4.2 . . . [I]t is agreed that Kyocera shall pay to Kodak a commuted royalty of two and one-half percent (2.5%) of the worldwide Net Sales of all Kyocera Branded Licensed Products. It is further agreed that Kyocera shall pay to Kodak a commuted royalty of three percent (3%) of the worldwide Net Sales of all OEM Licensed Products.

\*\*\*

4.7 This Agreement is intended to capture the internal transaction business model of Kyocera as it exists on the Effective Date of this Agreement, wherein all Digital Cameras and Digital Cameras in the form of modules to be incorporated into Integrated Digital Cameras manufactured by Kyocera or a Kyocera Subsidiary are sold or otherwise disposed of by Kyocera or a Kyocera Subsidiary to any third party or Kyocera retail Subsidiary in any part of the world.

\*\*\*

4.8 Kyocera warrants that all Digital Cameras and Digital Cameras in the form of modules to be incorporated into Integrated Digital Cameras sold or disposed of by Kyocera or its Subsidiaries before or during the term of this Agreement have been or will be manufactured by Kyocera or [sic] Kyocera manufacturing Subsidiary and sold by Kyocera or a Kyocera Subsidiary.

\*\*\*

9.4 This Agreement which shall be governed by the substantive laws of New

York State . . . constitutes the entire Agreement between the parties with respect to the subject matter hereof. Any modification of this Agreement shall be set forth in writing and duly executed by both parties.

(emphasis added).

As mentioned earlier, when the parties executed the PLA, they also signed the Side Letter, which states, in pertinent part:

This letter confirms the following understanding reached between Kyocera and Kodak regarding the sales price of digital camera modules sold by your Optical Equipment Division to the Communication Equipment Division for incorporation into a multifunction integrated digital camera.

When the Optical Equipment Division sells digital camera modules to both the Communication Equipment Division and to any third party, the sales price used for determining the applicable royalty due Kodak on the digital camera modules sold to the Communication Equipment Division shall be the 'Net Sales' as defined in Paragraph 1.16 of the PLA. In the event, however, the Optical Equipment Division before selling digital camera modules to any third party initially sells such modules only to the Communication Equipment Division, the sales price used for determining the applicable royalty due Kodak shall be one hundred ten percent (110%) of the internal sales price to the Communication Equipment Division.

(Side Letter dated signed August 21, 2002).

For several years after the execution of the PLA, Kyocera paid royalties to Kodak for Integrated Digital Cameras, based on the sales price of the "camera modules" that, at all relevant times, it manufactured for use in camera phones. It is undisputed that such "camera modules" do not meet the full definition of a "Digital Camera" contained in PLA § 1.2. That is, Kyocera's "camera modules" are not, in and of themselves, fully functioning digital cameras. Instead, such modules work together with other components of the camera phone that are shared between the phone and camera aspects of the integrated

device, such as the image processor, liquid crystal display (“LCD”), internal memory, power management circuit, and keypad.<sup>3</sup>

On June 22, 2010, Kodak commenced this action, alleging that Kyocera breached the PLA with regard to Integrated Digital Cameras, by paying royalties based on Net Sales of its “camera modules,” rather than on “all portions of its products that contribute to specifically defined ‘Digital Camera’ functionality.” Complaint [#1] ¶ 5. Kodak alleges that,

Kyocera has paid royalties on only some of the components involved in Digital Camera functionality and has failed to pay royalties on the other components that indisputably contribute to Digital Camera functionality. This is a direct breach of the [PLA] and has resulted in a significant underpayment of royalties due.

*Id.* As this statement indicates, Kodak insists that Kyocera must pay royalties on every part of its camera phones that contribute to the picture-taking function, including those that are not part of Kyocera’s “camera module.” On this point, Kodak relies largely on the PLA’s definition of “Licensed Products,” set forth above, which, in pertinent part, excludes only those “portions of the Integrated Digital Camera exclusively performing non-camera functions.”

“Kyocera maintains, by contrast, that the PLA’s definition of ‘Net Sales’ limits its royalty payments to the camera module.” *Eastman Kodak Co. v. Kyocera Corp.*, No. 10-CV-6334 CJS, 2012 WL 4103811 at \*6 (W.D.N.Y. Sep. 17, 2012) (Payson, M.J.). In that regard, Kyocera states that royalties are based on “Net Sales,” and PLA § 1.16, defining

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<sup>3</sup>Kodak argues that, at some point in time, Kyocera actually did make a “Digital Camera in the form of a module,” which, under its interpretation of the PLA, means a module, designed to be later installed into a multi-function device, that by itself meets the PLA’s definition of a “Digital Camera.” In that regard, Kodak relies solely on the deposition testimony of Kyocera’s 30(b)(6) witness, Hiroo Iwabu, which is somewhat equivocal on that point when viewed in its entirety. Iwabu Dep. p. 148. However, Kyocera adamantly maintains that it never manufactured such a module, and that in fact, no company ever has.

such “Net Sales” for Integrated Digital Camera Products, is specifically based on the sales price of Kyocera’s camera modules. Kyocera indicates that even though the PLA uses the phrase “Digital Camera in the form of a module,” it refers to Kyocera’s camera modules, which do not, by themselves, satisfy the definition of a “Digital Camera” set forth in PLA § 1.2. Kyocera disagrees with Kodak’s argument that such modules must satisfy the definition of “Digital Camera” found in § 1.2 of the PLA. Kyocera states, on that point that the PLA does not specifically define the term “Digital Camera in the form of a module,” and that the PLA uses that term interchangeably with other terms, such as “modules that function as Digital Cameras,” § 1.11, and “digital camera modules,” § 1.16. Kyocera further maintains that its interpretation is supported by the Side Letter, which uses the term “digital camera module” in reference to PLA § 1.16, and never uses the term “Digital Camera in the form of a module.” Kyocera argues, therefore, that it has not breached the PLA, since it has paid royalties based on the sales price of its camera modules, as required by the PLA.

Following pretrial discovery, Kodak filed the subject motion for partial summary judgment as to liability. Kodak contends that the PLA unambiguously supports its position, as a matter of law. Kyocera opposes the application, and contends that the PLA is “riddled with ambiguity.”<sup>4</sup> On October 4, 2012, counsel for the parties appeared before the undersigned.

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<sup>4</sup>See comments of David C. Doyle, Esq. during oral argument.

## ANALYSIS

### *Rule 56*

Summary judgment may not be granted unless "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c). A party seeking summary judgment bears the burden of establishing that no genuine issue of material fact exists. *See, Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 157 (1970). "[T]he movant must make a prima facie showing that the standard for obtaining summary judgment has been satisfied." 11 MOORE'S FEDERAL PRACTICE, § 56.11[1][a] (Matthew Bender 3d ed.).

The underlying facts contained in affidavits, attached exhibits, and depositions, must be viewed in the light most favorable to the non-moving party. *U.S. v. Diebold, Inc.*, 369 U.S. 654, 655 (1962). Summary judgment is appropriate only where, "after drawing all reasonable inferences in favor of the party against whom summary judgment is sought, no reasonable trier of fact could find in favor of the non-moving party." *Leon v. Murphy*, 988 F.2d 303, 308 (2d Cir.1993).

This contract action is governed by the substantive law of New York State, which is well settled.

Under New York law, the fundamental objective of contract interpretation is to give effect to the expressed intentions of the parties. In a dispute over the meaning of a contract, the threshold question is whether the contract is ambiguous. Whether a written contract is ambiguous is a question of law for the court. Ambiguity is determined by looking within the four corners of the document, not to outside sources. Contract language presents no ambiguity where it has a definite and precise meaning, unattended by danger of misconception in the purport of the contract itself, and concerning which

there is no reasonable basis for a difference of opinion. But, the language of a contract is ambiguous if it is capable of more than one meaning when viewed objectively by a reasonably intelligent person who has examined the context of the entire integrated agreement.

In determining whether a contract is ambiguous, the court must read the integrated agreement as a whole. If the document as a whole makes clear the parties' over-all intention, courts examining isolated provisions should then choose that construction which will carry out the plain purpose and object of the agreement.

*Eastman Kodak Co. v. Asia Optical Co., Inc.*, No. 11 Civ. 6036(DLC), 2012 WL 917393 at \*3-4 (S.D.N.Y. Mar. 16, 2012) (citations and internal quotation marks omitted).

Under New York law, where a contract is ambiguous, summary judgment cannot be granted. See, *Bonnant v. Merrill Lynch, Pierce, Fenner & Smith, Inc.*, 467 Fed.Appx. 4, 7 (2d Cir. Mar. 8, 2012) ("In a contract dispute, generally, a motion for summary judgment may be granted only when the contract language is wholly unambiguous and conveys a definite meaning.") (citation and internal quotation marks omitted).

Furthermore, "[u]nder New York law, instruments executed at the same time, by the same parties, for the same purpose and in the course of the same transaction will be read and interpreted together." *Carvel Corp. v. Diversified Management Group, Inc.*, 930 F.2d 228, 233 (2d Cir. 1991). Accordingly, in considering whether the subject PLA is ambiguous, the Court must examine both the PLA and the Side Letter which was executed the same day, since the Side Letter specifically addresses and clarifies part of the PLA, involving "the sales price of digital camera modules sold by [Kyocera's] Optical Division to [its] Communication Equipment Division for incorporation into a multifunction integrated digital camera." With these general principles established, the Court will consider the

merits of Kodak's motion for partial summary judgment.

Kodak contends that the PLA is unambiguous, and can be only interpreted to mean that Kyocera must pay royalties on "the full digital camera portion" of its camera phones, meaning every part that performs "camera functions." Kodak maintains that Kyocera must pay a royalty on such parts, even if those parts are also involved in performing non-camera functions. On that point, Kodak relies on PLA § 1.11, "Licensed Products," which includes, as licensed products, "modules that function as Digital Cameras," but excludes "portions of the Integrated Digital Camera exclusively performing non-camera functions."

Kyocera disagrees, but has not cross-moved for summary judgment, since it maintains that the PLA is ambiguous. In that regard, Kyocera relies on that portion of PLA § 1.16 that specifically deals with "Net Sales" of Integrated Digital Camera Products. According to Kyocera, this section clearly indicates that Net Sales are based on sales of its "camera modules."

In the Court's view, the PLA is ambiguous. The subject dispute is over the amount of royalties to be paid to Kodak, and such royalties are based on Net Sales, as defined in PLA § 1.16. Significantly, the relevant portion of that section begins by reciting that Kyocera "currently, through its Optical Equipment Division, sells or disposes of a Digital Camera in the form of a module." (emphasis added). The section then goes on to agree that "Net Sales" of Integrated Digital Camera Products are the sales of those very "Digital Cameras in the form of a module." However, the PLA does not define the term "Digital Camera in the form of a module." The PLA also uses terms such as "digital camera module," while the Side Letter, which specifically pertains to § 1.16, never uses the term "Digital Camera in the form of a module," but instead, uses the term "digital camera

modules.” At the time the PLA was executed, Kyocera manufactured a “digital camera module.” On these facts, it could reasonably be understood that the parties intended that Net Sales of Integrated Digital Camera Products would be based on sales of Kyocera’s “digital camera modules,” without regard to whether such modules meet the PLA’s definition of a “Digital Camera.” Since the PLA is ambiguous, the Court cannot grant summary judgment.

#### CONCLUSION

For all of the foregoing reasons, Plaintiff’s motion for partial summary judgment [#105] is denied.

SO ORDERED.

Dated: Rochester, New York  
October 22, 2012

ENTER:

/s/ Charles J. Siragusa  
CHARLES J. SIRAGUSA  
United States District Judge

**From:** [webmaster@nywd.uscourts.gov](mailto:webmaster@nywd.uscourts.gov)  
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**Date:** Tuesday, October 23, 2012 8:01:07 AM

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**U.S. DISTRICT COURT**

**U.S. District Court, Western District of New York**

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**[DECISION AND ORDER denying \[105\] Motion for Partial Summary Judgment. Signed by Hon. Charles J. Siragusa on 10/22/12. \(KAP\)](#)**

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**EXHIBIT B**

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF NEW YORK

---

EASTMAN KODAK COMPANY ,

Plaintiff,

v.

KYOCERA CORPORATION ,

Defendant.

---

**CERTIFICATION**

10-CV-6334 CJS

**MEDIATION CERTIFICATION**

A mediation session was held on: 10/10/2012 & 11/21/2012 via telephone .

- Case has settled.** The parties have agreed that \_\_\_\_\_ will prepare the settlement agreement and stipulation for dismissal and that the stipulation will be filed no later than \_\_\_\_\_.
- Case has settled in part.** The parties have been instructed to file a stipulation setting forth the resolved claims within five (5) business days from the mediation session.
- Case has not settled.** Mediation will continue on: to be scheduled .
- Case has not settled.** Mediation is complete. The case will proceed toward trial pursuant to the Court's scheduling order.

Date: December 13, 2012

/s/ Paul V. Nunes, Esq.  
Mediator

**From:** [webmaster@nywd.uscourts.gov](mailto:webmaster@nywd.uscourts.gov)  
**To:** [Courtmail@nywd.uscourts.gov](mailto:Courtmail@nywd.uscourts.gov)  
**Subject:** Activity in Case 6:10-cv-06334-CJS-MWP Eastman Kodak Company v. Kyocera Corporation Mediation Certification  
**Date:** Thursday, December 13, 2012 11:42:57 AM

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## **U.S. DISTRICT COURT**

### **U.S. District Court, Western District of New York**

#### **Notice of Electronic Filing**

The following transaction was entered by Nunes, Paul on 12/13/2012 at 2:41 PM EST and filed on 12/13/2012

**Case Name:** Eastman Kodak Company v. Kyocera Corporation  
**Case Number:** [6:10-cv-06334-CJS-MWP](#)  
**Filer:** Paul V. Nunes  
**Document Number:** [140](#)

#### **Docket Text:**

[Mediation Certification by Paul V. Nunes\(Nunes, Paul\)](#)

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[STAMP dcecfStamp\_ID=1042579058 [Date=12/13/2012] [FileNumber=2337705-0] [77f8c7c6e381ba3a0ec1b7f71c96f9ea756f3062b099fba00cbef6e9215d03a5f1642e6817f655a45e18e4ce129f414d880f773c0b1581f0335dd48960345947]]

**EXHIBIT C**

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF NEW YORK**

---

EASTMAN KODAK COMPANY,

Plaintiff,

-vs-

PRE-TRIAL ORDER

10-CV-6334

KYOCERA CORPORATION,

Defendant.

---

**A. SCHEDULE**

1. The trial of the above-captioned case will begin on **August 12, 2013**<sup>1</sup> at 9:00 a.m. This is a day-certain trial date which will not be adjourned except for the trial of criminal cases which take precedence pursuant to 18 U.S.C. § 3161.
2. Unless otherwise indicated, each side must provide the materials referenced in Parts B and C of this Order by July 29, 2013, at 5:00 p.m. to the Court and opposing counsel. Materials must be provided to the Court in both hard copy and by electronic means in Wordperfect compatible format (by computer disk or by e-mail to [kelly\\_pruden@nywd.uscourts.gov](mailto:kelly_pruden@nywd.uscourts.gov)).

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<sup>1</sup>Trial is anticipated to be completed by August 23, 2013.

3. Unless otherwise indicated, the daily court session will proceed as follows:  
Monday 9:00 a.m. - 12:30 p.m.(morning session); 12:30 p.m. - 1:30 p.m. (lunch); 1:30 p.m. - 4:00 p.m. (afternoon session); recess at 4:00 p.m.  
Tuesday, Wednesday, Thursday and Friday  
9:00 a.m. - 1:00 p.m.; recess at 1:00 p.m.
4. Once a jury has been selected, time permitting, we will proceed directly with opening statements and the presentation of evidence.
5. The parties are responsible for having witnesses available as needed. The Court will take witnesses out of turn to accommodate witnesses.
6. Before the close of each day's session, counsel must advise the Court and the opposing lawyer of those witnesses expected to be called the following day.
7. It is expected that we will maximize jury time as much as possible. In this regard, counsel should be prepared to begin proof each day at the time the jury is scheduled to report. It is the burden of counsel to anticipate problems and notify the Court, so that time can be set aside when the jury is not present to resolve any issues.

**B. JURY SELECTION: PROCEDURE and MATERIAL**

1. Method
  - a. Concerning jury selection, the parties should be familiar with Local Rule 47.1. The Court will use the "struck jury system" as described in Local Rule 47.1, there will be no "alternate" jurors and all jurors selected will participate in the verdict.
  - b. The Court will limit peremptory challenges as provided in Local Rule 47.1; 28 U.S.C. §1870.
  - c. Plaintiff's counsel will exercise peremptory challenges first by writing the name and number of the juror on the strike sheet that will be provided. The strike sheet will then go to the defendant who will make his or her own strike by writing the name and number of a juror. The strike sheet will then come to the Court who will announce the jurors that have been excused.
  - d. If you do not exercise a challenge during a particular round, you lose only that peremptory challenge and you may make other peremptory challenges in later rounds against anyone in the box.
2. The Court will conduct the entire voir dire and counsel will not be permitted to ask questions.
3. Voir Dire Material - Each party must prepare a document entitled "Voir Dire Information" containing the following material: (Each page must be three-

hole-punched for insertion into a notebook and each item of information must be on a separate sheet.)

- a. A short description of the case to be read to the jury to identify the case and the claims and defenses at issue.
  - b. The full name and address of the client. Include here the name of any corporate representative that intends to appear at trial for the client.
  - c. The full name and address of counsel, including assistants.
4. The parties shall also prepare a list of prospective witnesses that are expected to be called at trial, including adverse party witnesses. A copy of this list must be provided to the court reporter at the commencement of trial. Also list here witnesses that you intend to introduce by reading depositions. Indicate that the witness will be a "deposition witness." For proper identification to the jury and for use by the Court, this list, which must be on a separate sheet of paper, should include:
- a) The full name of the witness.
  - b) The occupational association of the witness, e.g., FBI, Eastman Kodak Company, Delta Laboratories, etc.
  - c) The address of the witness.
  - d) A short summary statement (one or two sentences) of the general subject matter expected to be covered by the witness.
5. A list of proposed questions you wish the Court to ask the jury on voir dire.

**C. TRIAL PROCEDURE and MATERIAL**

1. Exhibits and Exhibit List:
  - a. Each party must prepare an exhibit list containing those exhibits that the party anticipates introducing in its direct case. These lists must be prepared on forms supplied by the Clerk's Office and must contain a brief description of the proposed exhibit.
  - b. All exhibits shall be denominated by number. Plaintiff shall use numbers 1 through 399; defendant shall use numbers 400 through 699; and third-party defendants shall use numbers 700 through 899.
  - c. Each exhibit must be physically tagged with the appropriate colored sticker (pink/red for plaintiff; blue for defendant and third-party defendant), and each exhibit must be physically numbered prior to commencement of trial.
  - d. A complete copy of the exhibit list must be given to the court reporter at the commencement of trial.
  - e. Parties do not have to mark for submission, pursuant to paragraph A. 2., those exhibits that may only be used on cross-examination for impeachment of a witness or to refresh the recollection of any witness.
  - f. Except for good cause, the Court will not allow introduction into evidence of exhibits unless they are listed on the exhibit list submitted pursuant to paragraph A. 2.

- g. Copies of each documentary exhibit, photograph, chart or other paper must be duplicated for the adverse party and exchanged at the pre-trial conference unless the proponent certifies that the document has already been copied or exchanged during discovery, or if the document cannot be copied, that it be available for inspection.
- h. In any trial where a party marks more than fifty (50) documentary exhibits, an exhibit book must be prepared containing copies of the exhibits. This book will consist of a three-ring binder with tabs for each exhibit. The proponent must prepare a binder for each party, the Court, and a binder for use of witnesses on the stand.

2. Expert Testimony

- a. The identity of all experts that will be called as witnesses must be provided to the Court. The proponent must also provide a brief summary of the ultimate opinions that will be rendered by the expert.
- b. The testimony of experts will be limited to the opinions and the grounds for each opinion set forth in answers to expert interrogatories. See, Fed.R.Civ.P. 26(a)(2)(B). The parties are responsible for taking steps to supplement any expert interrogatories to be in full compliance with this Rule.

3. Deposition Testimony

- a. Each side must prepare, exchange, and provide to the Court an itemized list of deposition testimony (with page and line references), that it intends to use in its direct case. The parties should attempt to

- reconcile and resolve any disputes as to admissibility between the time specified in paragraph A. 2. and trial.
- b. At the commencement of trial, the objecting party must file, in writing, a document listing its objections to the opponent's deposition material and the basis for that objection. If no objections are received, it will be deemed to be a waiver of objections to the proffered deposition testimony.
4. Damages - Plaintiff must prepare an itemized statement of each element of special damages.
  5. Legal and Evidentiary Issues
    - a. All parties should prepare a detailed statement as to issues of law involved in the case and any unusual questions relative to the admissibility of evidence, trial procedure or substantive issues. This submission should include legal authority.
    - b. The Court expects the parties to raise these potential issues by the date specified in paragraph A. 2., or as soon as they become evident, so that the Court and the parties will have adequate time to consider the issues.
  6. Instruction Material
    - a. The plaintiff must supply the Court with two copies and all parties with one copy of its proposed charge on the substantive matters raised in the complaint, that is, the law relating to the causes of action pleaded, including damages.

- b. Each charge should be listed on a separate page with supporting authority or the source of the instruction listed at the bottom.
  - c. Each charge should also contain a notation at the bottom, "Given \_\_  
\_\_; Not Given \_\_; Given in Substance \_\_."
  - d. If counsel requests "form" instructions from form books, for example, Sand, Modern Federal Jury Instructions; Devitt & Blackmar, Federal Jury Practice and Instructions, or New York Pattern Jury Instructions (PJI), it will be sufficient to list the section number and a brief description of the charge.
  - e. The Court has standard general instructions that it routinely gives, but it is the burden of counsel to make specific requests for special instructions relating to, for example, evidentiary issues, limiting instructions, impeachment matters, etc.
  - f. If defendant objects to plaintiff's proposed charge, or if defendant has other alternative charges to submit, they must be submitted by the day prior to commencement of the trial.
7. The Court will set time limits for opening statements and closing arguments and it is expected that counsel will adhere to these limits.
  8. During evening recesses, each side will be responsible for maintaining custody of its exhibits and returning them to Court the next day (unless other arrangements are made with the Court).
  9. Counsel need not ask permission to approach a witness with an exhibit, but otherwise, questioning should be done from the lectern.

10. Parties will bear the expense of the jury production if they settle the case after the jury arrives.

IT IS SO ORDERED

Dated: Rochester, New York  
December 7, 2012

ENTER:

/s/ Charles J. Siragusa  
CHARLES J. SIRAGUSA  
United States District Judge

**From:** [webmaster@nywd.uscourts.gov](mailto:webmaster@nywd.uscourts.gov)  
**To:** [Courtmail@nywd.uscourts.gov](mailto:Courtmail@nywd.uscourts.gov)  
**Subject:** Activity in Case 6:10-cv-06334-CJS-MWP Eastman Kodak Company v. Kyocera Corporation Pretrial Order  
**Date:** Wednesday, December 12, 2012 10:29:35 AM

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## U.S. DISTRICT COURT

### U.S. District Court, Western District of New York

#### Notice of Electronic Filing

The following transaction was entered on 12/12/2012 at 1:29 PM EST and filed on 12/12/2012

**Case Name:** Eastman Kodak Company v. Kyocera Corporation

**Case Number:** [6:10-cv-06334-CJS-MWP](#)

**Filer:**

**Document Number:** [139](#)

#### Docket Text:

**PRETRIAL ORDER.** Jury Trial set for 8/12/2013 09:00 AM before Hon. Charles J. Siragusa. Each side must provide the materials referenced in Parts B and C of this Order to the Court and opposing counsel by 7/29/2013 at 5:00 PM. Signed by Hon. Charles J. Siragusa on 12/7/12. (KJA)

#### **6:10-cv-06334-CJS-MWP Notice has been electronically mailed to:**

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