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## Apple-Google Team Up for \$500 Million-Plus Kodak Patents Bid

By Serena Saitto, Beth Jinks and Brian Womack - Dec 8, 2012

[Apple Inc. \(AAPL\)](#) and Google Inc. have joined forces to offer more than \$500 million to buy [Eastman Kodak Co. \(EKDKQ\)](#)'s patents out of bankruptcy, said people familiar with the situation.

The two companies, competing for dominance of the smartphone market, have partnered after leading two separate groups this summer to buy some of Kodak's 1,100 imaging patents, said the people, who asked not to be identified because the process is private.

Unlikely partnerships are typical in patent sales because they allow competitors to neutralize potential infringement litigation. A group including Apple, [Microsoft Corp. \(MSFT\)](#) and Research in Motion Ltd. bought Nortel Networks Corp.'s more than 6,000 patents for \$4.5 billion out of bankruptcy last year. Google lost the auction for those patents after making an initial offer of \$900 million.

"Apple and Google learned a lesson from the Nortel's auction," said Richard Ehrlickman, former vice president of Intellectual Property at International Business Machines Corp. and president of IP Offerings, a patent brokerage and consulting company in Boca Raton, [Florida](#). "They have decided to come together in this process to reduce the cost of purchasing the Kodak patents, while meeting their business needs."

### Digital Patents

The Apple-led group pursuing Kodak's patents included Microsoft and Intellectual Ventures Management LLC as of July, the people said, while Google's partners included patent-aggregation company RPX Corp. and Asian makers of Google's Android phones. The two groups had separately offered less than \$500 million for Kodak's portfolio. They now teamed up to offer more together, said two of the people.

Niki Fenwick, a spokeswoman for Mountain View, California-based Google, said the company doesn't comment on rumor or speculation. [Christopher Veronda](#), a spokesman for Rochester, New York-based Kodak, declined to comment on the patent sale, citing a court-ordered confidentiality agreement. Kristin Huguet, a spokeswoman for Cupertino, California-based Apple, declined to comment.

The Wall Street Journal previously reported that a consortium offered more than \$500 million for Kodak's digital patents.

Kodak obtained commitments for \$830 million exit financing last month, contingent on its sale of the digital-imaging patents for at least \$500 million.

## Fund Turnaround

The patents for sale relate to the capture, manipulation and sharing of digital images. Kodak is selling them to fund a turnaround after seeking Chapter 11 protection in January. At the same time, it's pursuing a plan to shrink the company and focus less on photography and more on commercial, packaging and functional printing and enterprise services.

In court documents, Kodak has said the patents may be worth \$2.21 billion to \$2.57 billion, based on an estimate by patent advisory firm 284 Partners LLC. Kodak said it has generated more than \$3 billion in revenue by licensing some of the digital- imaging patents to users, including Samsung Electronics Co., LG Electronics Inc., [Google Inc. \(GOOG\)](#)'s Motorola Mobility unit and Nokia Oyj.

“The portfolio is actually worth much less because it has been widely licensed,” Ehrlickman of IPOfferings said.

The 132-year-old photography company listed \$5.1 billion in assets and \$6.75 billion in debt in its bankruptcy filing. It plans to exit bankruptcy in the first half of 2013.

The case is In re Eastman Kodak Co., 12-10202, U.S. Bankruptcy Court, Southern District of New York ([Manhattan](#)).

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