



NEWS // BUSINESS

Unsold Patents Hint at a Kodak Comeback Strategy

The fallen powerhouse is keeping patents covering some promising technologies.

4 comments



JESSICA LEBER
Friday, August 17, 2012

The patents that Kodak is auctioning off to pay its creditors—and those it is holding onto—provide some clue as to what kind of company might emerge from bankruptcy.

Kodak is a shell of the industrial icon that spent decades leading the analog film and camera business. Despite [inventing](#) the first digital camera in 1975, Kodak was late to enter that market and, even then, it didn't consider it a crucial business until the mid-2000s.

The company is now auctioning off 1,100 patents, mainly related to digital image capture, manipulation, and sharing, or about 10 percent of its total portfolio, as it struggles to emerge from bankruptcy.

Advertisement

But people familiar with Kodak's technology portfolio say it would be a mistake to discount the 132-year-old business completely. Long an R&D powerhouse, Kodak holds a trove of intellectual property from which an innovative business could still emerge. "They've built a very robust, valuable patent portfolio, but they are keeping the best patents for themselves," says [Alexander Poltorak](#), CEO of the intellectual property firm General Patent Corp.

This week, Kodak also released a [business plan](#) that partly bets its future on "creating a new company" based specifically on

materials science, digital imaging, and deposition technologies, as well as on "aggressively monetizing" its remaining intellectual property portfolio to bring in up to \$400 million a year.

Two emerging markets that Kodak expects to be a crucial growth area is printed electronics and functional printing, or producing materials for commercial applications like packaging and biotech.

David Martin, head of the innovation assets firm [M-CAM](#), says Kodak has strong intellectual property in the area of printed circuit boards, including methods of dispersing heat—a property that becomes more important as electronics become smaller. And its chemistry and materials research has led it to advances in inks that conduct electricity, which promise to be useful in a variety of electronic products and in thin-film coatings and membranes used for solar cells and batteries. Kodak also has developed color matching technologies that Martin calls "invaluable" because it can precisely match colors displayed online to the colors that are used on a product.

According to Martin, Kodak has not fully harnessed the value of many of these technologies yet, instead betting its future on chasing a business that it was always way behind in—digital imaging.

Entrepreneurs in Kodak's hometown of Rochester, New York, are also exploring the company's

New on Technology Review

Genetically Modified Mice Could Be Tiny Landmine-Sniffing Heroes

Another Reason for "Smart" Electric Meters

More Screens, More Money for Google?

A123's Technology Just Wasn't Good Enough

8 comments

A Ribbon Cutting for 3-D Printing (Using 3-D Printed Scissors)

[More »](#)

Technology Review Lists

[Innovators](#) [Technologies](#) [Companies](#)

TR35 Our list of the 35 young innovators of 2012. [See list »](#)

[Weian Zhao](#)

Spying on cells in their native habitat to develop better tests and drugs

[Read more »](#)

Explore our TR35 List:



cobwebbed basements in hopes of starting new companies based on its innovations.

High Tech Rochester, a local economic development organization, has identified 12 families of technologies, largely in materials and optics, that Kodak never developed and that could prove valuable. These technologies represent market opportunities that may have been too small or tangential for Kodak, but could prove sizeable for a startup. The company hopes to work with Kodak to license patents to create new companies in a region that has suffered the most as Kodak's workforce shrunk from 64,000 to 17,000 in the last decade.

4		
---	--	--

CURRENTLY READING: [Unsold Patents Hint at a Kodak Comeback Strategy](#)

know the technology is sound," says High Tech Rochester president James Sennall. However, his talks with Kodak executives have slowed since the company entered bankruptcy proceedings.

Kodak was hoping the patent auction this week would take in more than \$2 billion dollars, helping it to become solvent again. The *Wall Street Journal* reported that the early bids, from consortiums including Google and its device makers on one side and Apple and Microsoft on the other, were far lower than hoped and, as a result, on Monday, the auction's deadline was extended. One problem is that many of the patents, says Martin, are already heavily licensed, including by at least two of the bidders, Samsung and HTC, and many of the technologies are already ubiquitous features in mobile devices today. So they are of dubious value except as extra ammunition in the escalating wars between mobile device makers.

"The question they [the bidding companies] are asking is: in the hands of my competitor, will they sue me?" says Martin. "They are trying to buy confirmation that their shipments won't be blocked."

[Camera](#), [Comeback](#), [Kodak](#), [Lumetrics](#)



Jessica Leber

[Follow](#)

Business Editor

I'm *Technology Review's* business editor, working from our San Francisco office. I'm interested in how new technologies enter and rise in the marketplace, and in how they...

[See full bio »](#)

Related Articles:



Augmented Reality, Wrapped Around Your Finger

Rachel Metz



New Manufacturing Tech Could Mean Cheaper Solar Cells

Kevin Bullis



Red: The Camera That Changed Hollywood

Lee Gomes

4 comments 4 people listening



orinherskowitz