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## **Kodak Teetering towards Bankruptcy, May Sell Patents**

Kodak, the brand name that has become almost synonymous with photography, is almost bankrupt. In its 131-year history, Kodak popularized photography and marketed the world's first flexible roll of film in 1888. Eastman Kodak Co. also invented the first digital camera in 1975 and developed cell phone photo technology. Now the photography giant intends to sell its patent in 1,100 digital imaging inventions to raise funds to fend off bankruptcy.

Kodak's undoing is quite similar to that of Borders's, the retail bookstore chain. Kodak did not capitalize on its knowledge in digital photographic technology. As a result, Kodak fell behind as its cash reserves started to dwindle. Now it is faced with the prospect of putting up its patents in the open market, which analysts estimate would fetch between \$2 and \$3 billion.

But judging from more recent trends, the sale of the patents could fetch considerably more than just a couple of billion dollars. Digital product makers want to protect themselves from potential lawsuits, so they buy up patents. Google bought Motorola Mobility for a cool \$12.5 billion not just for its mobile technology but also to own its 17,000 patents. And earlier, Microsoft and Apple joined forces to buy a suite of patents valued at \$4.5 billion from Nortel Networks.

Christopher Marlett, CEO of MDB Capital, an investment bank based in Santa Monica that specializes in intellectual property said, "There is an all-out nuclear war right now for global dominance in smart phones, tablets and mobile devices, and Kodak has one of the largest cache of weapons sitting there."

But regardless of the amount raised by the sale of the patents, it is unlikely to be the panacea Kodak is looking for. The company has to find new and consistent sources of revenue in the face of dwindling film sales. Kodak has been working on building up a high-margin inkjet printing business since July but there's no telling how profitable this venture has been thus far. In the meantime, cash reserves have fallen from \$1.6 billion in January to \$957 million in June.

Kodak's inkjet printers, home photo printers, high-speed commercial inkjet presses, workflow software and packaging are the company's new core business, speculated to bring in nearly \$2 billion in revenue in 2013, about 25% of Kodak's total sales.

But from now till 2013, Kodak may have to raise money to tide it over, which is where the sale of its patents comes in. The patents are for capturing, storing, organizing, editing and sharing digital images.