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CODONICS, INC.

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

DATCARD SYSTEMS, INC, a California corporation, Plaintiff, vs. CODONICS, INC, an Ohio corporation, Defendant. AND RELATED COUNTERCLAIMS	Case No. SACV08-0063-AHS (RNBx) **DECLARATION OF LAWRENCE SRNKA IN SUPPORT OF DEFENDANT CODONICS, INC.'S REPLY IN SUPPORT OF MOTION FOR STAY PENDING REEXAMINATION OF THE PATENT-IN-SUIT** Hearing Date: February 2, 2009 Time: 10:00 a.m. Courtroom: No. 10 A Hon. Alicemarie H. Stotler Pretrial Conference: August 17, 2009 Trial Date: October 6, 2009

I, Lawrence Srnka, declare as follows:

1. I am the Vice President of Manufacturing, Director of Mechanical and Media Engineering of Codonics, Inc., the Defendant and Counterclaimant in the above-entitled action. I have been an employee of Codonics for more than eleven years. I have been in the medical industry for more than eleven years. I offer this declaration in support of CODONICS, INC.'S REPLY IN SUPPORT OF MOTION FOR STAY PENDING REEXAMINATION OF THE PATENT-IN-SUIT. I have personal knowledge of the facts stated herein and, if called upon to do so, I could and would competently testify thereto.

2. From a historical perspective, initially all images created in the radiology market were acquired by analog means and were produced on hard copy devices such as x-ray film. Hard copy devices included both analog (wet process) and digital (laser or thermal imagers) within the marketplace. The digital images were typically acquired through frame grabbers or through film digitizers. The next stage was the acquisition and collection of images digitally. Once this transition was made (in the early 1990's), a number of methods for transferring, recording, storing and distributing the images emerged into the marketplace.

3. Initially the display and storage of the images took specialized high end computers and high end displays (pre – 1996/97) Once personal computers had enough processing horsepower and memory, along with high resolution (SVGA) monitors, the use of a dedicated workstation rapidly declined. I believe, based on my personal experience, that there is a constant battle between the ability of the commercial personal computer and monitor to display the full resolution of the images collected.

4. The CD ROM was invented in or around 1979, with commercially available CD ROM burners ("CD-R") for computers in or around 1985. Prior to this, images were stored in various manner, such as on hard drives, magneto-optical drives, or tape drives. In or around 1996 these CD-R burners became small

enough and cheap enough to start being used with regular personal computers.

5. In or around 1996, most CD-R burners included software for the personal computer that would also print labels on paper (with, for example, sticky backing) in a printer attached to the computer for application on the CD.

6. Around the same timeframe, the equipment in the modalities starting switching over from magneto-optical drives to CD-R drives as a means of facilitating the transfer of medical information (including images).

7. I believe that the selection of the CD-R media as the preferred medium for storage and distribution of medical information by the DICOM committee was a huge influence in moving the industry to this format.

8. At the same time the concept and products for Teleradiology were becoming popular. These were the pre-cursers to some of the Internet based solutions of today.

9. As the CD consumer market drove prices for media and burners down, there was an increasing presence of CD-R burners attached to or contained with in personal computers in the medical community, on the PACS stations, MRI & CT consoles, as well as stand alone archive systems. All of these different solutions utilized some form of CD burning prior to 1998.

10. In or around 1999 one of the very first products developed specifically for recording multimodality radiological images onto CD was introduced and sold (the TDK CDRS-1100). TDK introduced their first medical CD recording station in or around 1998. Prior to this the majority of the systems (modality specific and PACS systems) available provided CD burning as a feature, but it was not these systems' main function. In addition there were a number of software packages available that would work on a personal computer that would enable CD burning of DICOM images onto removable media.

11. Since or around 1998 a large number of companies, including TDK, have entered and left the Medical CD/DVD recording station market. Some were

simply software solutions to add on to existing personal computers and others integrated personal computers and CD/DVD burning robots.

12. Prior to 1999, I would estimate that there were in excess of five (5) vendors that produced systems or software to specifically burn CD/DVD for Medical purposes. These vendors include TDK, HIPAX and VEPRO, and Algotec. Beyond that, almost every major Original Equipment Manufacturer in the industry had CD burning capability available on their modality specific equipment and on all PACS equipment. Further, most personal computers at that time had the option to come with an internal CD-R burner.

13. Between or around 1999 and 2004, there were a number of companies that made products specifically for DICOM CD/DVD burning, including, but not limited to, Pacsgear, TDK, Datcard, Sorna, Algotec, NAI Tech Products, RADinfo Systems, Fastec, ODS Medical, Data Distributing and Dicom Solutions. Most of these systems contained a personal computer, monitor, keyboard, mouse, power supply, and a CD/DVD robotic burner. This resulted in a system that took up a large amount of desk space and required multiple wire connections in order for it to function properly.

14. When Codonics entered the market in mid-2006 with the Virtua, it was already a very mature market and some of the vendors listed above had already abandoned it. Codonics' Virtua is very different type of product in that it is completely integrated and does not have separate components that need to be hooked up or that take up additional desk space. In fact, Virtua takes no more desk space than the typical Robotic CD/DVD burner, yet it includes an easy to use touch screen and computer.

15. Codonics did not begin advertising its Virtua until the Radiological Society of North America Trade Show in November of 2005. At that time, the Virtua was a "work-in-progress," meaning that it was not yet a viable, released system available for purchase. The Virtua was officially released for in or around

spring of 2006. Codonics made its first sale of the Virtua in May of 2006 (an evaluation product), however, actual sales began in or around the end of July of 2006.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 26th day of January 2009 in Middleburg Heights, Ohio.



Lawrence Srnka