

News Release

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Epson Announces Settlements, Consent Orders And Default Judgments In The ITC Action Filed Against 24 Aftermarket Cartridge Companies

LONG BEACH, Calif. – Nov.27, 2006 – Epson has entered settlement agreements in a patent infringement action pending with the U.S. International Trade Commission (“ITC”) and similar lawsuits pending in the U.S. District Court in Portland, Ore., with five suppliers of aftermarket printer supplies and their related companies. Among the settling defendants are three major manufacturers of aftermarket printer supplies: Armor S.A. of France, Ink Lab Co. Ltd. of Hong Kong, and InkTec Co. Ltd. of Korea. Also settling are two major U.S. distributors of aftermarket printer supplies: Inkjetwarehouse.com Inc. of Canton, Conn., and Rhinotek Computer Products Inc. of Compton, Calif. As part of the District Court settlements and proposed ITC consent orders, each of the defendants has acknowledged the validity and infringement of at least 10 Epson patents and agreed to cease importing a wide range of infringing cartridges for Epson desktop inkjet printers.

Three additional companies agreed to consent orders in the ITC case that commit them to cease all U.S. imports of the accused cartridges for Epson desktop inkjet printers. The companies that agreed to consent orders that will be submitted to the ITC for approval include one major manufacturer and two U.S. distributors of aftermarket cartridges for Epson inkjet printers: Master Ink Co. Ltd. of Hong Kong, Ribbon Tree (USA) Inc. dba Cana-Pacific Ribbons Inc. of Ferndale, Wash., and Apex Distributing Inc. also of Ferndale, Wash. These ITC consent orders do not resolve the U.S. District Court cases pending in Portland against these companies.

In addition to the settlements and consent orders, the ITC judge ordered default judgments against eight companies named in the ITC action that failed to file responses within the required time limits. The defaulting companies are: AcuJet U.S.A., Inc. of Industry, Calif.,

Butterfly Print Image Corp. Ltd. of Hong Kong, Glory South Software Manufacturing Inc. of Buena Park, Calif., Mipo International Ltd. of Hong Kong, Mipo America Inc. of Miami, Tully Imaging Supplies Ltd. of Hong Kong, Wellink Trading Company Ltd. of Macao, and Ribbon Tree Trading Co. Ltd. of Macao. Some of these companies have also defaulted in the related U.S. District Court case in Portland.

The respondents that settled, entered consent orders or defaulted have collectively imported large volumes of aftermarket cartridge components and finished cartridges into the United States for distribution through all channels where aftermarket cartridges are commonly sold including: office supply superstores, consumer electronic stores, computer specialty stores, catalog resellers, refill franchisees, internet resellers and re-export channels. The respondents' cartridges were distributed primarily in a wide range of unbranded packaging but also under many different brand names belonging to the respondents or their customers including: AcuJet, Amazon Imaging, Basix, ColorJet, Inkees, InkTec, Mipo, Nikko, RhinoTek and Staples.

Trial in the ITC action against the few remaining respondents is scheduled for January 2007 in Washington D.C. before the Honorable Paul Luckern. Epson seeks a general exclusion order in the ITC action barring all imports of infringing cartridges by the respondents and all other importers. The U.S. District Court case is stayed against the defendants until resolution of the ITC case. Epson seeks a permanent injunction and treble damages for willful infringement in the District Court case.

“We commend the settling defendants for taking such decisive action to respect Epson’s patents and compete fairly,” said Keith Kratzberg, vice president of Marketing, Epson America. “We will continue to pursue the ITC action and the pending District Court lawsuit vigorously and take whatever other action may be necessary to protect Epson from unfair competition through patent infringement or the distribution of counterfeit ink cartridges.”

About Epson Portland Inc.

Epson Portland Inc. is the U.S.-based manufacturing subsidiary of Japan-based Seiko Epson Corporation. Historically a printer manufacturer (from its opening day in July of 1986 until August of 2001 Epson Portland built over 15 million printers for business, government and personal use), the company currently manufactures ink cartridges for ink jet printers, refurbishes optical engines for LCD projectors and performs precision injection molding of proprietary

plastic parts. Epson Portland manufactures over 40 million cartridges annually for sale in the United States and elsewhere.

About Epson America Inc.

Epson America is the US based marketing and service subsidiary of Seiko Epson Corp. Epson America offers an extensive array of award-winning image capture and image output products for the consumer, business, photography and graphic arts market throughout North, Central and South America. The company is also a leading supplier of value-added point-of-sale (POS) printers and transaction terminals for the retail market. Epson America Inc. is headquartered in Long Beach, Calif.

About Seiko Epson Corp.

Seiko Epson Corp. is a global leader in imaging products including printers, projectors and LCDs. With an innovative and creative culture, Epson is dedicated to exceeding the vision and expectations of customers worldwide with products known for their superior quality, functionality, compactness and energy efficiency. Led by the Japan-based Seiko Epson Corp., Epson is a network of 107 companies around the world, and is proud of its ongoing contributions to the global environment and to the communities in which it is located.

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