



News Release

FOR IMMEDIATE RELEASE

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EPSON SETTLES PATENT INFRINGEMENT LAWSUIT WITH MAJOR INTERNET RETAILER OF OFF-BRAND CARTRIDGES

LONG BEACH, Calif. –Oct. 5, 2007 – Epson has entered a settlement agreement in its patent infringement lawsuit with one of the largest internet retailers of aftermarket cartridges for Epson ink jet printers.

The settlement with E-Babylon Corp. dba 123inkjets.com and 411inkjets.com, a subsidiary of Valueclick Inc., resulted from a patent infringement lawsuit filed in June 2007 by Epson Portland Inc., Epson America Inc., and Seiko Epson Corp. in the U.S. District Court in Portland, Ore., against four resellers alleging infringement of a total of 18 patents that cover innovations in on-carriage cartridges for Epson desktop ink jet printers and off-carriage cartridges used in certain large format ink jet printers for graphic arts printing. E-Babylon admitted infringement and enforceability of the patents and agreed to a permanent injunction that prohibits further infringements. Financial terms of the settlement are confidential.

"We commend E-Babylon for deciding to respect Epson's patents and compete fairly," said Elizabeth Leung, director of Consumer Supplies, Epson America Inc. "We will continue taking all necessary steps to vigorously defend our intellectual property rights and our investments in R&D against infringement and other unfair competition at every stage of the supply chain from manufacturing to distribution."

Epson has taken aggressive measures worldwide to protect the company from unfair competition of all types, including a 10-year history of successful patent and trademark enforcement in the United States to protect its intellectual property rights relating to ink cartridges. Most recently, Epson prevailed in a trial against 24 respondents accused of infringement in an ITC action. The judge made an Initial Determination that all cartridges accused in the case infringe Epson's patents and recommended a General Exclusion Order that would bar all imports of such infringing cartridges. The ITC is scheduled to issue a Final

Determination on Oct. 19 regarding the judge's recommendations. Epson has set up a web site at <http://itc.epson.com> to provide importers and resellers with timely information about the ITC action and orders.

The respondents in the ITC case are believed to supply most of the cartridges sold by the defendants in Epson's latest lawsuit. Epson anticipates that it may have to file additional lawsuits against retailers to limit unfair competition and assure the payment of any damages because some ITC respondents are continuing sales to U.S. retailers while limiting their direct presence in the U.S. and not actively defending the ITC action.

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, performs precision injection molding of proprietary plastic parts, and also provides specialized engineering services for the Seiko Epson Group. Epson Portland manufactures over 40 million cartridges annually for sale in the US and elsewhere.

About Epson America Inc.

Epson America is the U.S.-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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