



News Release

FOR IMMEDIATE RELEASE

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U.S. PRESIDENT DECLINES TO MODIFY ITC GENERAL EXCLUSION ORDER THAT BARS ALL IMPORTS OF INFRINGING INK CARTRIDGES

Epson Clarifies Legal Requirements for Imports and Sales of Refilled Cartridges

LONG BEACH, Calif. Jan. 15 , 2007 – President George W. Bush and the Office of the U.S. Trade Representative allowed the 60-day Presidential Review Period to expire without modifying the General Exclusion Order by the U.S. International Trade Commission that bars all imports of infringing cartridges. As a result, the Order is being actively enforced by the U.S. Customs and Border Protection Service.

The General Exclusion Order resulted from a complaint filed by Epson Portland Inc., Epson America Inc., and the Seiko Epson Corp. against 24 of the largest aftermarket ink cartridge manufacturers and distributors. Following the Commission’s review of the trial results in which the ITC judge found that all 750 accused cartridges infringed one or more of Epson’s 11 patents, the ITC issued a General Exclusion Order that prohibits all imports of infringing cartridges and Cease and Desist Orders that prohibit the Respondent companies and their distributors from all sales of infringing cartridges. Epson has set up a Web site at <http://itc.epson.com/> with further information to help ensure importers, distributors and retailers are not caught unaware regarding the consequences of violating the orders and continued infringement.

The General Exclusion Order and Cease and Desist Orders do not bar imports or resale of non-infringing cartridges, like non-infringing refilled cartridges. Resellers should be cautious, however, to avoid liability by noting the following legal parameters:

- 1) Refilling an infringing cartridge, like an infringing aftermarket cartridge, still results in another infringing cartridge.
- 2) Refilled cartridges that were Epson branded cartridges must have been first sold by Epson to consumers in the United States. A “first sale” exception to patent law allows the resale of refilled

patented devices that were first sold in the United States by the patent holder. Cartridges that were first sold by Epson to consumers outside the United States and refilled by a third party still infringe Epson's patents. Epson officials have observed that some suppliers commingle cartridges first sold by Epson in the United States with cartridges first sold to consumers outside the United States in identical packaging, so resellers cannot reliably avoid liability for patent infringement.

3) The refilling process must be limited to legally permissible repair to restore the cartridge to usable condition, but the cartridges cannot be completely reconstructed. Legally permissible repair includes refilling the ink, resetting the IC chip, removing or covering Epson labels, and repackaging.

4) Refilled cartridges must be prominently described at point of sale and on packaging as "refilled" or "remanufactured." Any Epson trademarks must be removed so consumers cannot be misled into believing that the cartridges were refilled or approved by Epson.

"Epson is pleased that U.S. Customs is now effectively enforcing the ITC Orders to prevent unfair competition," said Elizabeth Leung, director of Consumer Supplies, Epson America Inc. "Distributors and retailers in every market channel can expect Epson to continue vigorous enforcement against any infringers who try to undermine the commendable efforts of all the resellers who compete fairly."

About Epson Portland Inc.

Epson Portland Inc. is the U.S.-based manufacturing subsidiary of Japan- 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), 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 35 million cartridges annually for sale in the United States 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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