

Statement of NEC Group's Anti-counterfeiting Activities

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Since its foundation in 1899, NEC has been involved in a wide array of innovations such as various researches and developments of the global or the nation's first technologies, and management innovations to realize such technological innovations, aiming to support the creation of a prosperous society. The "NEC" brand, founded on more than one hundred years of innovation, is a symbol of trust established between our customers and NEC.

However, as a trusted brand, NEC is also susceptible to counterfeiting.

Pursuant to our independent investigation, NEC found that a long list of unauthorized "NEC" products, ranging from audio systems, speakers, CD/radio cassette players, radios, MP3 players, keyboards to mouse, are being sold in China, Taiwan, Hong Kong and other markets around the world.

NEC further found that the following Chinese entities have been involved in the manufacture and sale of counterfeit products bearing the "NEC" brand.

- Guangzhou City Arden Audio Company Ltd.
Items pirated include: audio products (speakers, etc.)

- Zhongshan Lidan Electrical Appliances Co., Ltd.
Zhongshan Ridian Digital Technology Co., Ltd.
Items pirated include: MP3 players, speakers and radios

- Zhuhai Yuehua Technology Development Co., Ltd.
Zhuhai Yuehua Electronic Co., Ltd.
Items pirated include: keyboards and mouse

In order to protect the "NEC" brand as a registered trademark, in China, NEC is fully cooperating with Chinese law enforcement authorities in raiding and cracking down on those manufacturing and selling illegitimate "NEC" products.

NEC has also filed civil lawsuits against infringers of the “NEC” trademark, seeking cessation of the infringement and compensation for damages in connection with such counterfeiting activities. From the above proactive actions by NEC to eradicate the counterfeit products, some of the Chinese infringers have been, one after another, rendered punishment decisions and/or judgments of the first instance (some of the Chinese infringers have filed appeals against the aforesaid judgments), which include the civil liability such as compensation for damages.

Meanwhile, in Taiwan, based on the evidence collected in the course of a series of raids and investigations conducted by the Taiwan Police, NEC has brought proactive actions to eradicate the counterfeit products including both criminal and civil actions against manufacturers and sellers, etc. of counterfeit “NEC” products in Taiwan. From the above proactive actions, the determinations/ judgments by public institutions in Taiwan against infringers of the NEC trademark have been made, one after another, including that of a person playing central roles in the counterfeiting activities who has been rendered a ruling for criminal liability including prison sentence (those infringers have filed appeals against the aforesaid determinations/ judgments).

These counterfeiters of “NEC” products allege that they were authorized to manufacture and sell products under the “NEC” trademark by either Hong Kong-based JR Oriental Co., Ltd. (hereinafter referred to as “JR Oriental”) or Japan-based Tohma Japan Co., Ltd. (hereinafter referred to as “Tohma Japan”).

However, NEC and any of its subsidiaries have never granted to either JR Oriental or Tohma Japan any license or sublicense to manufacture and sell products bearing the “NEC” trademark. Therefore, it can be said that any and all such products manufactured and sold under such illegitimate authorities allegedly granted by JR Oriental or Tohma Japan without NEC’s due licensing or sublicensing procedures are the counterfeit products unlawfully and illegally appropriating the use of the “NEC” trademark. For this reason, NEC hereby sincerely requests your understanding that neither NEC nor any of its subsidiaries is responsible and liable for such counterfeit “NEC” products and their quality, etc. for any reason.

In this connection, in Japan, the Tokyo District Court entered a judgment on March 19, 2008 in favor of NEC against JR Oriental, recognizing that JR Oriental was never vested with the right to use the “NEC” trademark. Subsequently, on September 30, 2008, the Intellectual Property High Court, which is the court of appeal, upheld the Tokyo District Court’s decision and dismissed all appeal claims brought by JR Oriental. This decision has become

final, binding and conclusive. In these rulings, the Courts held that there was no such fact that NEC or any of its subsidiaries conferred on JR Oriental and Tohma Japan the rights to manufacture and sell products bearing the “NEC” trademark. The Courts also found that the documents presented before the Courts by JR Oriental as material evidence were unauthorized documents (or forged documents in an objective sense).

In addition, in Hong Kong, the High Court of the Hong Kong Special Administrative Region also held, and declared, on 20 November 2008, that JR Oriental infringed the “NEC” trademark which is registered in Hong Kong and the Hong Kong Court granted, amongst others, a permanent injunction against JR Oriental, restraining it to continue its unlawful activities including the grant of sub-licenses under or by reference to the “NEC” trademark.

NEC believes that our prime mission is to offer reliable and safe products to all of our customers. Therefore, NEC is redoubling our efforts to ensure that more and more customers can trust the NEC brand through our products, while fighting against infringements of the “NEC” brand as a registered trademark.

NEC remains committed to providing to our customers continued enjoyment and satisfaction with NEC products.

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