

PRESS RELEASE

August 31, 2004

KOITO MANUFACTURING CO., LTD.

Victory in Patent Infringement Lawsuit in the U.S. Court of Appeals for the Federal Circuit

On August 23, 2004, KOITO MANUFACTURING CO., LTD., (Head Office: Minato-ku, Tokyo; President & CEO: Takashi Ohtake) won a decision in the U.S. Court of Appeals for the Federal Circuit (CAFC)^{*1} regarding a patent infringement lawsuit.

On February 11, 2002, KOITO MANUFACTURING CO., LTD., along with its United States affiliate, North American Lighting, Inc., Head Office: Illinois (NAL), went before the United States District Court for the Southern District of California in San Diego, California, asking for a Declaratory Judgment^{*2} to confirm that they did not infringe a U.S. Patent and that the patent was invalid, in the case of a lawsuit filed by Jens O. Sorensen, the inventor, and Turn-Key-Tech L.L.C. of San Diego, a patent management company. Koito and NAL won the case in the U.S. District Court on July 15, 2003. (Details of this matter were given in a press release on July 22, 2003.)

Turn-Key-Tech disagreed with the decision and appealed it to the CAFC, which handed down its decision on August 23, 2004.

The CAFC upheld the decision of the U.S. District Court, finding that the manufacturing method used by Koito and NAL to produce plastic lenses for automobile lamps did not infringe on Turn-Key-Tech's patent. The CAFC also referred the matter of the patent's validity (based on obviousness in view of previously existing prior art) back to the U.S. District Court.

Koito and NAL stood up to Turn-Key-Tech's legal tactics, which targeted many automakers producing automobiles equipped with their lamps. Together with the automakers, they chose to fight for the Declaratory Judgment. The CAFC also provided them with a winning decision.

Anxious to avoid going to court, many Japanese companies tend to choose to compromise with unreasonable lawsuits brought by patent management companies, and thus they are forced to pay out large sums of conciliation money. Even though Koito and NAL were told that winning this lawsuit would be difficult in a trial by jury, they did not surrender to the outrageous demands, in this lawsuit, and they instead chose to seek a Declaratory Judgment confirming their belief that they did not infringe the patent, and that the patent was invalid. Their victory in the jury's verdict last year and the CAFC's current decision of patent non-infringement have proven that Koito and NAL were correct in their standing up and fighting based on their firm stance and policy regarding intellectual property rights.

*1 CAFC: Court of Appeals for the Federal Circuit

*2 Declaratory Judgment: Lawsuit filed in a court to determine whether a patent is valid or invalid, and/or whether or not the patent has been infringed.