

Contact:  
Larry Horn  
MPEG LA, LLC  
Tel: 301-986-6660  
Fax: 301-986-8575  
lhorn@mpegla.com

**FOR IMMEDIATE RELEASE**

Brian Maddox/Rebecca Riordan  
Morgen-Walke Associates  
Tel: 212/850-5600

**LEADING GLOBAL ELECTRONICS COMPANIES AND UNIVERSITY SUE COMPAQ FOR  
MPEG-2 PATENT INFRINGEMENT IN U.S. AND GERMANY**

DENVER - November 20, 2000 – MPEG LA<sup>®</sup> today announced that six leading global electronics companies and a major research university have filed suit against Compaq Computer Corporation for willfully infringing 26 patents that are essential to the MPEG-2 digital video compression standard. The lawsuit, which seeks damages that could amount to hundreds of millions of dollars, has been filed in U. S. District Court in Delaware. A related suit has been filed in Dusseldorf, Germany.

The plaintiffs are General Instrument Corporation, Mitsubishi Electric Corporation, The Trustees of Columbia University, U.S. Philips Corporation, Victor Company of Japan, Ltd., Matsushita Electric Industrial Co., Ltd., and France Telecom, all of which participate in the MPEG-2 Patent Portfolio License program administered by MPEG LA. This action represents the first time a large group of patent holders participating in a one-stop technology standards licensing program has sued for patent infringement.

According to the complaint, Compaq manufactures and markets PC's that use patent-protected MPEG-2 methods and devices without having entered into licenses with the individual patent holders or the portfolio license offered by MPEG LA<sup>®</sup>. The suit also asserts that Compaq actively induces its customers to infringe those patents by selling, instructing and encouraging those customers to decode a stored MPEG-2 video signal. In its product advertising and promotions, Compaq has frequently touted the benefits of certain products for their compatibility with the MPEG-2 standard.

Wide acceptance of MPEG LA's MPEG-2 Patent Portfolio License is responsible for the worldwide utility of the MPEG-2 digital video standard which is at the core of many of today's fastest-growing electronics products including digital cable and satellite set-top boxes, DVD players and disks, television receivers and decoders, encoders, file servers and multiplexers. MPEG-2 was approved as the international standard in 1995 by the International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC). The MPEG LA-sponsored licensing program received a favorable business review by the U.S. Department of Justice in 1997 and a comfort letter from the European Commission in 1998. Currently, MPEG LA has more than 250 licensees.

“MPEG LA<sup>®</sup> was established to provide fair access to the patents that are essential to MPEG-2 technology. For this technology to reach its full potential, the market depends upon an environment that encourages competition and innovation,” said Baryn S. Futa, Manager and Chief Executive Officer of MPEG LA<sup>®</sup>. “This court action is an unfortunate but necessary step to put an end to the patent infringement by Compaq. For nearly three years, Compaq has been told repeatedly that it can obtain a license for the essential U.S. patents from the individual patent owners or from MPEG LA<sup>®</sup>. It has refused to enter into any such licenses. At the same time, Compaq has continued to advertise computer products that are compatible with the MPEG-2 standard. In fact, Compaq charges a premium for product features that couldn’t function without our patented technology.”

“The patent holders, which include some of the world’s most sophisticated technology companies, joined together to form MPEG LA<sup>®</sup> in order to create economic efficiencies, streamline the licensing process, stimulate industry growth and, ultimately, bring benefits to consumers. The strength of the patents in this lawsuit is undeniable,” said Kenneth Rubenstein, intellectual property attorney at Proskauer Rose LLP, which is representing the plaintiffs.

Garrard Beeney of Sullivan & Cromwell, counsel for the plaintiffs, said, “It is unfortunate that Compaq, unlike 250 licensees, refuses to respect plaintiffs’ intellectual property rights. This lawsuit should lay to rest any misconceived notions that Compaq can demand respect for its own patents while willfully ignoring the rights of other patent holders.”

MPEG LA successfully pioneered one-stop technology standards licensing, starting with the MPEG-2 Patent Portfolio License, which it began licensing in 1997. One-stop technology standards licensing enables widespread technological implementation, interoperability and use of fundamental broad-based technologies covered by many patents owned by many different patent holders. The MPEG-2 Patent Portfolio License now has more than 250 licensees and includes more than 300 MPEG-2 essential patents in 28 countries owned by 16 licensors. MPEG LA provides an innovative way to achieve fair, reasonable, nondiscriminatory access to essential patent rights under one license for other fundamental technologies as well, such as IEEE 1394 and DVB-T (Digital Video Broadcasting-Terrestrial). It also has been asked by M4IF (MPEG 4 Industry Forum) to coordinate and facilitate the evaluation of patents for the MPEG-4 Visual and Systems Standards. MPEG LA is based in Denver, Colorado, USA and operates its licensing office in Chevy Chase, Maryland, USA. For more information, please refer to: <http://www.mpegla.com> and <http://www.1394la.com>.