



Klipsch says it can seek up to \$2 million per trademark, per defendant.

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Klipsch Taking Legal Action Over Counterfeits

InsideIndianaBusiness.com Report

Indianapolis-based Klipsch Group Inc. is pursuing legal action against 23 parties in China it accuses of manufacturing and selling counterfeit products under the Klipsch name. The company says the number of defendants will likely grow as it identifies additional websites and sellers.



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January 11, 2012

News Release

Indianapolis, Ind. - Klipsch Group, Inc. (KGI), owner of the Klipsch , Energy , Mirage® and Jamo® audio brands, today announces legal action against 23 identified parties, all of whom reside in China, associated with the manufacturing and selling of counterfeit Klipsch® Image™ S4™ and Klipsch® Image™ S4i™ headphones under the Klipsch brand name. On December 16, 2011, the company received an order from the U.S. District Court for the Southern District of New York allowing the suspension of service to domains and sellers on trade boards selling counterfeit Klipsch headphones. In addition, the order allows for restraint on funds in the payment processing and bank accounts of those selling the counterfeit products.

As the plaintiff in the lawsuit, KGI is alleging that the counterfeiters have violated the Lanham Act, which governs U.S. trademark registration and prohibits trademark counterfeiting and infringement, among other activities. Specifically, the action relates to trademark counterfeiting, trademark infringement, unfair competition and false designation of origin. The products that the identified counterfeiters are manufacturing and distributing directly infringe on Klipsch trademarks.

"KGI has noticed a dramatic increase in counterfeit activities over the past six months, and as a result, has intensified its efforts to battle this very serious issue," said Mike Klipsch, president of global operations for KGI, whose role includes running KGI's headphone business.

"Obviously, counterfeiting can have a negative impact on our sales, but more importantly, counterfeiters are selling inferior products that reflect very negatively on the Klipsch brand. Our intellectual property is one of our greatest assets and we will continue to protect it to the full extent of the law."

Among other remedies, KGI can seek up to \$2 million per trademark, per defendant, as well as injunctions to take down the relevant websites and seller listings and prevent the defendants from counterfeiting Klipsch brand products in the future. To date, KGI has restrained 20 of defendants' accounts having over \$750,000 in funds from the sale of counterfeit merchandise.

KGI has been investing substantial funds to fight the counterfeiting problem including:
Daily purchases around the world to identify counterfeit sellers;

Dozens of cease and desist letters from its legal counsel to individuals selling counterfeit product online resulting in cash settlements and agreements to stop this illegal activity;

Training for hundreds of U.S. Customs and Border Patrol officers and local law enforcement to identify counterfeit Klipsch products;



Employment of private investigators in North America, Europe and Asia to identify and track counterfeiting activity; and

Constant interaction and cooperation with marketplaces, such as Amazon and EBay sites worldwide, resulting in counterfeit sellers being removed.

"KGI has and will continue to invest significant resources in these efforts, with the largest investment to date being the pursuit of this legal action," said Klipsch. "The Klipsch brand has been cultivated for over a 65 year time period and we are not about to sit by and let counterfeiters tarnish what we have established."

A total of 23 defendants are specifically named in the suit, including at least eight unique websites and 27 seller listings on trade boards, online marketplaces and business-to-business websites. Examples include Focalprice.com and wsdeal.com, and sellers listed on Alibaba.com, AliExpress.com, DIYTrade.com, DHGate.com and Components-Electronic.com. Among the named defendants are two suspected major manufacturers of counterfeit Klipsch brand goods. The number of defendants will likely grow as additional websites and sellers are identified.

About Klipsch Group, Inc.

Klipsch Group, Inc. (KGI) is a leading global manufacturer of premium sound solutions for the consumer and professional markets. With the legendary Klipsch , Jamo , Mirage® and Energy® brands under its corporate umbrella, KGI offers more than 160 collective years of superior engineering and world-class research and development experience. Today, KGI is responsible for the sales of hundreds of premium speakers for every lifestyle, application and budget. The company's diverse product portfolio encompasses home theater, professional cinema, installed whole-house contracting, commercial, computer speakers, iPod docks and headphones. Klipsch Group, Inc. is also a wholly-owned subsidiary of VOXX International Corporation (NASDAQ: VOXX).




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