

## NOVOMATIC LEADS FIGHT AGAINST PRODUCT PIRACY

## SCOURGE DEEPLY ROOTED IN EASTERN EUROPE

A vivid display of counterfeit Novomatic gaming machines being crushed by a Caterpillar at the 2006 World of Games show was the first step in a new initiative in the active campaign against the scourge of product piracy. The initiative gathered pace in 2007 in Bucharest, Romania, and again in September 2008 in Kazan, capital city of the Constituent Republic of Tatarstan, with the shutting down of an underground counterfeit gaming machine factory, and has grown into a successful international crusade against piracy led by the Austrian Novomatic gaming group. New and highly significant results have also been obtained in Ukraine.

Information gathering (in photographic, video and printed information form) to assist in illegal product piracy and copyright infringement is prevalent at international gaming industry trade shows, particularly in Eastern Europe, and all major OEMs are increasingly and adversely affected by the problem. Product piracy and the infringement of intellectual property rights have never before been practiced so impudently and publicly as in recent times. Counterfeit machines are often publicly presented on neighbouring exhibition stands right beside the original product, component parts and cabinets are offered on diverse websites and software and concepts are either stolen or badly copied.

### SUCCESSFUL MEASURES

Three years ago the Novomatic Group of Companies initiated a unique campaign against international intellectual property piracy and has since persisted with efforts to prosecute the heads of these criminal activities. The basic condition for the battle to be successful is the registry of industrial property rights in the form of trademarks, patents or designs, in order to be able to enforce claims effectively. Consequently, this is the strategy that Novomatic has been implementing in recent years.



Crushing copies in Moscow



Jens Halle, AGI Managing Director, makes a clear statement in Russia



In Romania, where Novomatic is represented by its subsidiary SC Intertop srl, an increase in the number of pirate copies of Novomatic products has recently been observed



### GAMING INDUSTRY PIRACY ALLIANCE (GIPA)

To address a worrying increase in piracy in the international gaming sector, major industry players have come together to form the Gaming Industry Piracy Alliance (GIPA), providing a structure through which members can participate in the enforcement of intellectual property rights and other anti-piracy activities and initiatives.

Aristocrat Technologies Australia Pty Ltd, WMS Gaming Inc, International Game Technology, Austrian Gaming Industries GmbH (a 100% subsidiary of Novomatic AG), Bally Technologies Inc, Konami Gaming Inc, SPIELO Manufacturing ULC, Progressive Gaming International Corporation and Atronic International have joined forces to carry out investigative and other operations targeting piracy on an international scale.

The group's anti-piracy efforts are targeted at North America, South America, Asia, Central and Eastern Europe (CEE Countries) and the Middle East.

Over the last two years, members of the alliance have successfully taken criminal and civil proceedings in various countries worldwide against persons known or suspected to be involved in product piracy and intellectual property theft. These proceedings have resulted in court orders and raids that have permanently shut down a number of international pirate operations. With the formation of this anti-piracy alliance, the global gaming industry will be able to take aggressive action against offenders.

Jens Halle, Managing Director of AGI, welcomes the new alliance of major international manufacturers: "This alliance enables us to coordinate our efforts efficiently, employ mutual synergies and strike with joined forces against product piracy. I want to make one thing totally clear: this is not just about preserving our profits as an industry that sells gaming equipment. It is above all about saving our customers and their customers - their guests. There is a basic need for the gaming industry as such to make sure that the guest gets fair games to play. We submit our products to strict licensing and testing procedures in order to be allowed to bring them to the market. These procedures have been created to guarantee top product quality and make sure that gaming remains a reputable business."



AGI fights against piracy in Bucharest, Romania



The primary aim of Novomatic is to prevent any damage to our customers caused by inferior and faulty copies

## AGI'S ANTI-PIRACY CRUSADE IN RUSSIA

Novomatic launched its international campaign against product piracy and intellectual property theft at the 2006 World of Games show in Moscow. In order to stress the seriousness of the endeavour, Novomatic crushed an array of counterfeit Novomatic gaming machines with a Caterpillar on the parking lot of the show premises. The action received wide international attention in the industry and specialized media and made one thing clear: enough is enough.

Two years later, Novomatic had clear results to show - in spring 2008 the operator of a Moscow factory specialising in counterfeit "Gaminator®" machines was convicted. He had acquired forged components from various sources, assembled the equipment on a large scale, tagged the machines with fake documents and serial plates and then sold them to Russia, Belarus, Ukraine, the Baltic countries and former Yugoslavia. The accused was given a fine and two years' probation. All machines and components were destroyed.

The next blow against organized product piracy in Russia was achieved only a few weeks later when a second illegal assembly of counterfeit Novomatic gaming equipment was raided by Russian authorities. In this



Ryszard Presch, Vice-President of the Board of Directors, Novomatic Holding, officially announced the launch of a campaign against any person or persons who infringe the company's intellectual property



Public destruction of confiscated counterfeit Novomatic gaming machines in Ukraine

## NO "SAFE HAVEN" FOR PIRATES IN UKRAINE

In the meantime this policy has also had clear results in the Republic of Ukraine.

The latest success in the prosecution of copyright and other IP infringements consisted of the confiscation of obviously counterfeited gaming machines, in particular under the Novomatic brand "Gaminator®", and fake Novomatic software. The prosecution was the result of close cooperation between Novomatic, a well known Ukrainian law firm and local police and authorities. As the proceedings are still pending, Novomatic is at this time yet unable to publish further details, although the company considers public information an essential part in the fight against intellectual property piracy.

## CONSISTENCY REQUIRED

As with many legitimate gaming equipment manufacturers, the use of technical means to prevent one-to-one copying of Novomatic software has resulted in most pirate offerings attempting to "look" like the originals, although with different software and mathematics so that the pirate copies do not "feel" like the originals - detracting from the player's overall experience. To add insult to injury, it is not uncommon to find pirate copy products that do not offer players a fair chance of winning. Nothing could be more harmful to an industry that remains highly dependent on its public image and reputation. Intellectual property piracy is idea theft, plain and simple. There can be no justification or rationalization for the illegitimate actions of those involved in product piracy.

The investigation and confiscation results in Russia and Ukraine prove the paramount importance of the continuing fight against product piracy in the gaming industry. The results also demonstrate to what extent consistent intellectual property protection and effective cooperation with local authorities put much-needed pressure on product piracy.

The Novomatic Group of Companies, its subsidiaries and associates will continue to take aggressive measures against persons and companies involved in piracy and infringement of their products and intellectual property.

Information on IP infringements is greatly appreciated and should be sent to: [ipenforcement@novomatic.com](mailto:ipenforcement@novomatic.com)

**NOVOMATIC**  
GROUP OF COMPANIES

## Fight Against Copies

» An international crusade against copying piracy led by the Austrian Novomatic group with concrete results in Russia. «

- Several persons convicted or imprisoned
- A significant number of copied machines confiscated and destroyed worldwide

**Warning:**

Novomatic, in co-operation with legal agencies and governmental authorities, will continue to aggressively prosecute with lawsuits and actions against pirate copies any persons who infringe its intellectual property.

Novomatic leads, others follow.

Fight against copies



Novomatic announced the continuation of the international campaign against product piracy at a press conference held in Kiev, Ukraine, on 27 February last



Confiscated counterfeit Novomatic slot machines

case, too, all seized gaming equipment was destroyed and the operator was sentenced to pay damages and given two years' probation. The biggest strike in Russia yet took place in Kazan at the end of September 2008. Since 2003 a large counterfeit gaming equipment factory had produced and sold fake Novomatic gaming equipment with a monthly production capacity of up to 2500 machines. The operators had become so impudent as to exhibit their products at international gaming shows. Only hours before the raid, undercover agents from the Interior Ministry of the Republic of Tatarstan had acquired 20 counterfeit gaming machines and paid for the equipment with marked and numbered banknotes. In the course of the police action the authorities confiscated a further fifty machines ready for delivery, along with a huge stock of components and assemblies. The operators of this factory were also arrested.



Police raid, broadcast by www.1TV.ru