

The JFTC issued cease and desist orders to Coram Japan, Ltd. and Jupiter Shop Channel Co., Ltd.

February 1, 2007

Japan Fair Trade Commission

The Japan Fair Trade Commission (“JFTC”) had investigated Coram Japan, Ltd. and Jupiter Shop Channel Co., Ltd. As a result of investigation, the JFTC found that the representation concerning their stainless steel product “Smellkiller”, where the two companies claim for the product to have an odor eliminating effect, was deemed to fall under the category of misleading representation provided in Section 4 (1) (i) of the Act against Unjustifiable Premiums and Misleading Representations (“Premiums and Representations Act”) based on Section 4 (2) of the same Act. Therefore, the JFTC issued cease and desist orders to the two companies based on Section 6 (1) of the Premiums and Representation Act.

1 The Companies concerned

| Company | Location | Representative |
|--------------------------------|---------------------------------------|--------------------------------|
| Coram Japan, Ltd. | 1-4, Kanda-Sudacho, Chiyoda-ku, Tokyo | President Koji Masuda |
| Jupiter Shop Channel Co., Ltd. | 1-14-1, Shinkawa, Chuo-ku, Tokyo | President Mitsuyoshi Uriuda |

2 Product being sold by the parties concerned

The goods in question are products made of stainless steel, manufactured and commercialized by a company located in the Federal Republic of Germany, which are claimed to have an odor eliminating effect when exposed to water or air.

| Company | Product Name | Product Outline | Retail Price |
|-------------------|-------------------------|--|--------------|
| Coram Japan, Ltd. | Smellkiller Classic Set | A set of stainless steel disks (about 5cm in diameter) and a tray (in which the stainless steel disks are placed, with water). | 3,780 yen |

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| | Smellkiller XL | A set of stainless steel disks (about 8cm in diameter) and a tray (in which the stainless steel disks are placed, with water). | 6,300 yen |
| | Smellkiller Zilopop | A set of stainless steel disks (about 2cm in diameter) each with a plastic handle, a case to house the stainless steel disk, and a strap. | 2,310 yen |
| Jupiter Channel Ltd. Shop Co., | A New Years' set of two Smellkiller Zilopops | A set of two stainless steel disks (about 2cm in diameter) each with a plastic handle, a case to house the stainless disks, and a strap. | 3,800 yen |
| | A set of two Smellkiller Zilopops | | |
| | A set of two Smellkillers (small size) | A set of two stainless steel disks (about 5cm in diameter). | 3,800 yen |
| | A special set of Smellkillers (large size) with a special tray | A set of stainless steel disks (about 8cm in diameter) and a tray (in which the stainless steel disks are placed, with water). | 4,500 yen |

3 Outline of the cease and desist order

(1) Outline of violation

The two companies, in their commercial activities to sell the products listed in the above chart to general consumers, carried out advertising on the product packages and package containers as well as on their homepages and TV commercials, stating that the products in question had an effect of odor elimination when exposed to water or air. The JFTC, based on Section 4 (2) of the Premiums and Representations Act, required the two companies to submit the data as rational grounds for the aforementioned representations. The two companies responded within the designated period by presenting documents supporting their representations, but those documents were not deemed to constitute sufficient rational grounds to justify their representations.

(2) Measures to be taken

- a. The two companies shall publicly announce that the aforementioned representations indicate to general consumers that the products are much better than their actual state.
- b. The two companies shall not make similar representations any more.

1 Coram Japan, Ltd.

| Product | Media used for Representation | Period of representation | Represented Contents |
|---------------------------------|-------------------------------|---------------------------------------|--|
| Smellkiller Classic Set | Product Package | August, 2005 to date | Advertising included the following statements: “Eliminates odors when exposed to water or air,” and “Eliminates odors in a space of 16 m ² !” (equivalent to about 8 tatami mats.). |
| Smellkiller XL | Product Package | June, 2004 to date | Advertising included with the following statements: “Eliminates odors when exposed to water or air,” and “Eliminates odors in a space of 60 m ² !” (equivalent to about 20 tatami mats.). |
| Smellkiller Zilopop | Package Container | October, 2005 - March, 2006 | Advertising included with the following statements: “Eliminates bad breath!!”, and “You can restore your fresh breath anytime, anywhere, with Smellkiller Zilopop.” |
| All of the above three products | Homepage | At least, February, 2006 - July, 2006 | Advertising included the following statement: “Zielonka Smellkiller, a product based on a brand new concept, causes catalytic action when placed in contact with water and air, and subsequently, the molecules which generate the odors are decomposed in a chain reaction, into separate odorless atoms. No chemical agents or pharmaceuticals are employed in this odor eliminating process;” and “The odor eliminating effects can be maintained semi-permanently just by refilling with water.” |

2 Jupiter Shop Channel Co., Ltd.

| Product | Media used for Representation | Period of Representation | Represented Contents |
|--|--------------------------------|--------------------------------|--|
| (1) A New Years’ set of two Smellkiller Zilopops (2) A set of two Smellkillers (small size) (3) A special set of Smellkillers (large size) with a special tray | Ads put on TV shopping program | January 4 th , 2006 | <p>Advertisements included the following statements: “Decomposes odorous particles when simply placed in water. A New Years’ set of two Smellkiller Zilopops,” “Decomposes odorous particles when simply placed in water. A set of two Smellkillers (small size),” and “Decomposes odorous particles when simply placed in water, a special set of Smellkillers (large size) with a special tray”</p> <p>Voice advertisements stated: “Smellkiller dramatically kills odors, before you know it.”</p> <p>In video advertisements, a graphic representation titled “Catalytic action caused by the exposure of stainless steel to water and air,” explained how the “odor generating molecules” are “decomposed” into “atoms” through the contact of stainless steel with water and air.”</p> |
| A set of two Smellkiller Zilopops | Homepage | June, 2005 - April, 2006 | The advertisements on the homepage read: “Decomposes odorous particles just by placing in water. A set of two Smellkiller Zilopops,” “Freshens your bad breath anytime, anywhere: Just keep the product in your mouth for two minutes, and unpleasant odors caused by garlic, alcohol, or cigarettes will disappear.” |

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| A set of two Smellkillers (small size) | Homepage | At the latest: December, 2003 - April, 2006 | Advertisements included the following statements: “Decomposes odorous particles when simply placed in water. A set of two Smellkillers (small size),”and “Odors in the room: Place your Smellkiller in a tray, add water up to about half way up the product, and the odor in the room will disappear in just 5-6 hours. Also good for eliminating pet odors and kerosene smells!” |
| A special set of Smellkillers (large size) with a special tray | Homepage | July, 2004 - April, 2006 | Advertisements included the following statements: “Decomposes odorous particles just by using water. Smellkiller (large size) with a special tray,” and “In your living room :Put water in the tray and in 5-6 hours, you will start to feel the odor eliminating effect.(If water cannot be used, place the product on a wet duster, which gives the same effect.)” |