



PHILIP MORRIS

MANAGEMENT CORP.

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TRADEMARK
DEPARTMENT

OUR REF. _____

YOUR REF. _____

November 20, 1989

WITHOUT PREJUDICE

Sega Enterprises Inc.
2149 Paragon Drive
San Jose, California 95131

Attention: Mr. Scott Yasuda
Executive Vice-President

RE: Infringement of MARLBORO and MARLBORO Roof Design
Trademarks on Sega SUPER MONACO GP Video Arcade Game

Dear Mr. Yasuda:

This is further to and will confirm our telephone conversation of November 15, 1989, wherein I objected to the Sega SUPER MONACO GP video arcade game, that I noted in the Penn Station, New York City location of Time Out Family Amusement Centers.

In particular, the game has the following objectionable, unauthorized uses of Philip Morris trademarks:

1. Red Roof-like devices on game cabinet;
2. Roof Device images on video graphics;
3. MARLBORO word and Roof Devices on banner across race course on video graphics; and
4. MARLBORO and Roof Device on grand prix car appearing on video graphics.

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As you are no doubt aware, MARLBORO is the world's leading cigarette and one of the most famous of all American trademarks. Moreover, while cigarettes are our major product, substantial business is done in several areas and, as you are also, no doubt, aware, MARLBORO sponsors several race cars and racing teams around the world, including the world champion MARLBORO-McLaren racing team.

MARLBORO, the MARLBORO Roof Design, and the combination thereof are all trademarks owned by Philip Morris. In addition, we also own United States Registration No. 1400689 for MARLBORO WORLD CHAMPIONSHIP TEAM (& racing car), (& Red Roof Design), which covers "entertainment services, namely conducting car racing events." Similar rights are in existence in almost every country world-wide. Accordingly, the usage of our trademarks and those confusingly similar therewith infringe our trademark rights under federal and state laws, our common law trademark and state unfair competition rights, and our rights under national and international laws in other countries.

In the circumstances, we must demand that you cease all such usage and that you recall all games currently existing in the marketplace. It will be appreciated, that as long as these games remain in the marketplace, they constitute continuing infringements of our rights in and to the MARLBORO, MARLBORO Roof Device, and MARLBORO & Roof Device trademarks and traddress. Moreover, this demand should be considered as one also for your parent company, to the extent that such games are in the marketplace in other countries.

This is an extremely serious matter to us, and we therefore must have your favorable reply without delay, in the hopes that we can yet resolve the matter amicably, and without resort to litigation.

Sincerely,


Barry M. Krivisky

BMK:imz

C:11-172.LTR