Hitachi's Intellectual Property Group supports business strategy from an intellectual property (IP) standpoint. Hitachi's fundamental IP policy is “building a world-class patent portfolio” and “strategic IP use.”

Hitachi is currently pursuing a patent filing plan that calls for the number of overseas patent applications of the Hitachi Group to surpass domestic patent applications by fiscal 2010, Hitachi’s centennial year. As a result, in fiscal 2008, the ratio of overseas applications to total applications increased 2 percentage points from fiscal 2007 to 47%. In fiscal 2009, Hitachi is planning to raise this ratio further by strictly selecting domestic applications and filing more overseas applications by reducing the unit cost of overseas filings.

According to internal data, the Hitachi Group placed third in 2008 in terms of the number of U.S. issued patents for the third straight year. Hitachi expects to maintain its high ranking in 2009 as well.

To build an internationally competitive patent portfolio, patent quality is just as important as the number of patents filed or registered. For instance, Hitachi promotes flagship patent activities to leverage the Hitachi Group’s strengths and at the same time is concentrating on inventing technologies that can differentiate the Hitachi Group. Patent portfolio management activities try to cultivate patents related to selected themes worldwide with the aim of creating an internationally competitive IP portfolio. In fiscal 2008, Hitachi focused on themes such as high-efficiency thermal power generation and storage. In fiscal 2009, we will continue to create a patent portfolio for supporting the Social Innovation Business, including Green IT.

Regarding patent royalty income, Hitachi moved into the black in 1985 in terms of the difference between income and payments related to technology licenses. Hitachi also actively pursues global IP licensing. The percentage of overseas patent royalty income to overall patent royalty income increased to 69% in fiscal 2008, compared to 35% in fiscal 2000.

Hitachi is promoting a Hitachi Group Patent Pool Model for the strategic utilization of patents. This model integrates management of invention creation, patent filing and patent utilization within the Hitachi Group. Moreover, in August 2008, Hitachi established the Hitachi Group Standardization Committee, and the International Standardization Office in the Intellectual Property Group. These new bodies are strengthening cooperation among business divisions and Group companies in international standardization activities. Specifically, they are supporting business divisions and Group companies in defining shared strategic themes such as environmental technology. In addition, they are formulating guidelines, sharing information and conducting educational activities relating to standardization on a Group-wide basis.