

IP* Strategy of HITACHI

*IP: Intellectual Property

April 7, 2004

Hitachi, Ltd.

Executive Officer, General Manager of
Intellectual Property Group

Yasuo Sakuta

- Philosophy : Creating IP value

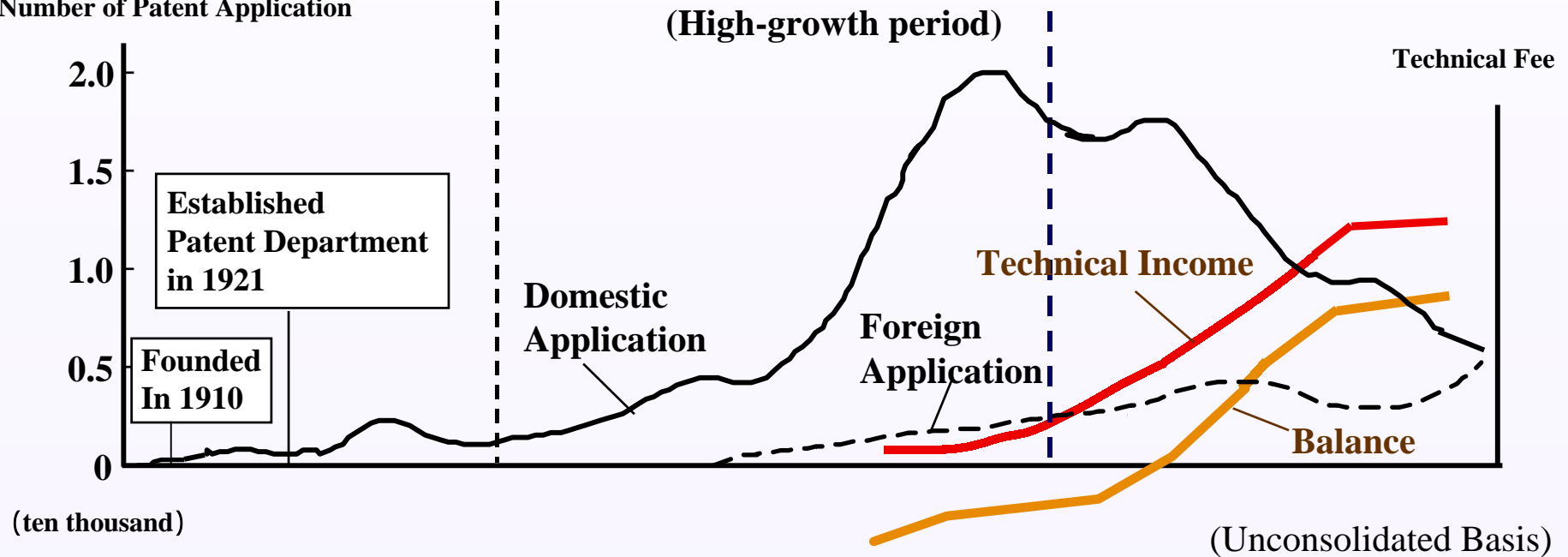
- Basic Policy :

Establishment of IP portfolio to back up
“Hitachi, innovative technology company”

History of Hitachi's IP management

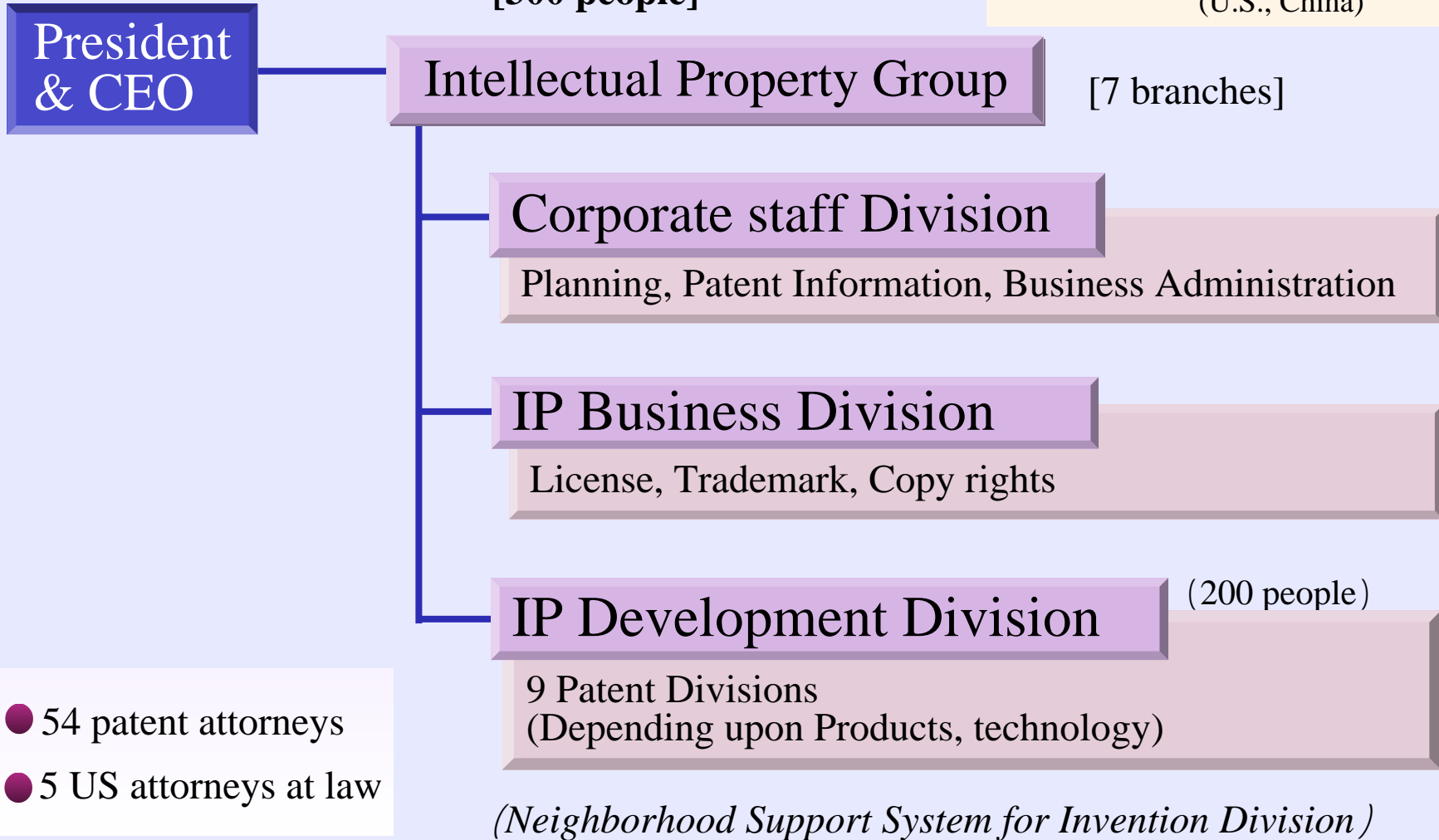
Year	1910	1940	1950	1960	1970	1980	1990	2000
Era	<i>Era of establishment of domestic independent development</i>		<i>Era of introduction of technology and development of technology improved</i>			<i>Era of maturity</i> <i>Era of IP</i>		
IP management	<i>Advancement of Invention Activity</i>		<i>Quantitative expansion of number of patents</i>			<i>Quantity to quality of patents</i>		<i>Globalization</i>

Number of Patent Application



Organization of Intellectual Property Group **HITACHI** Inspire the Next

* 1 Affiliated Company
* 2 Overseas Liaison Offices
(U.S., China)



Medium-Term Management Plan (i.e. HITACHI Plan II)

- New Era Lifeline Support Solutions
- Global Products Incorporating Advanced Technology

Hitachi Group Frontier/ Platform Research

Selection and Concentration

- Triune activity having strong will of conquering other companies as common recognition

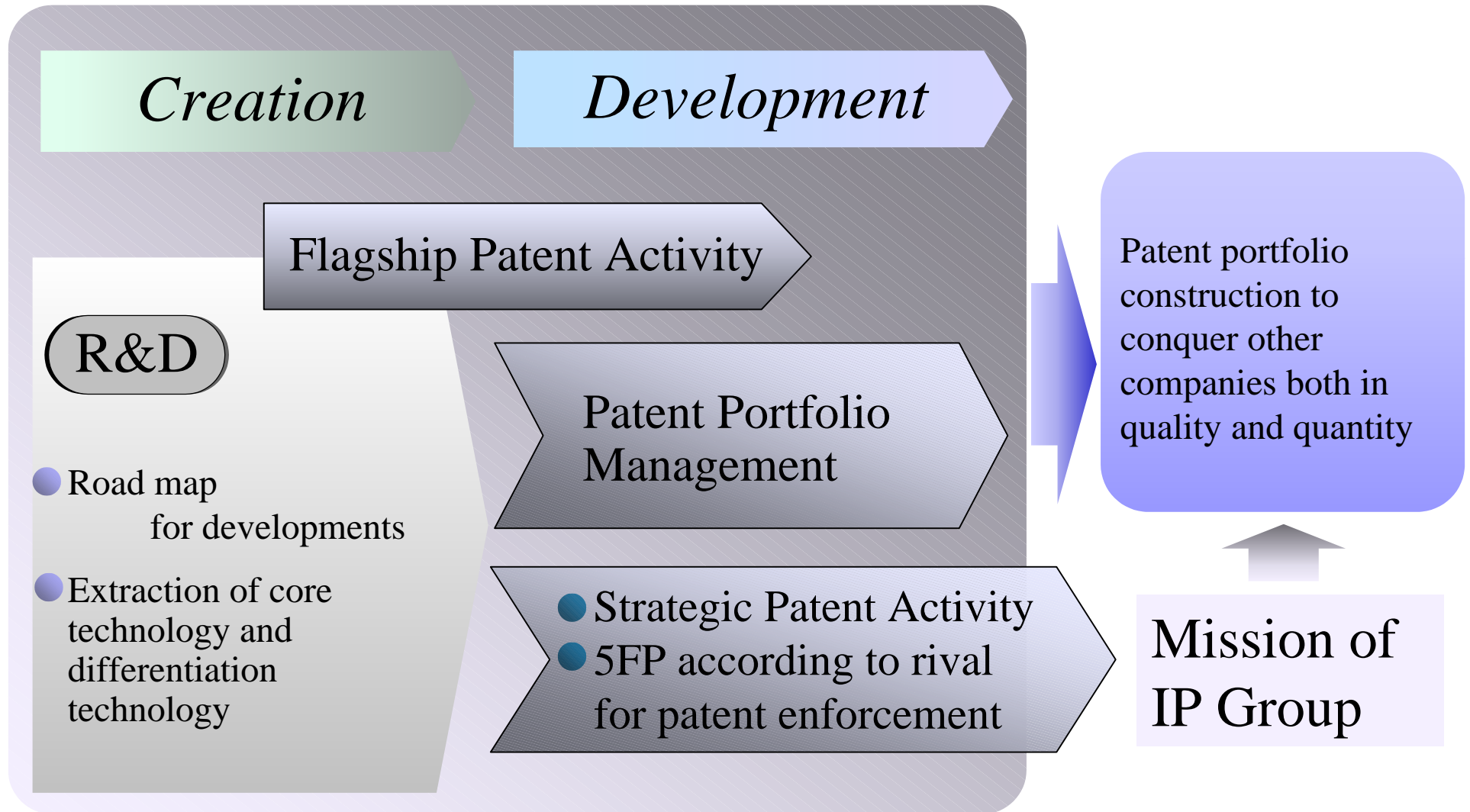
Business Strategy

R&D Strategy

Conquer other companies

IP (Patent) Strategy

Strengthening of Patent Portfolio (1)



5FP: Five Fighting Patents

Case

Storage field

- Aim for constructing No.1 patent portfolio in business field

(1) SAN / NAS Storage Solutions

- *DLCM (Data Life Cycle Management)*
- *Secure Remote Copy*
- *High Performance – High Reliability Architecture*

(2) Hard Disk Drive (HDD)

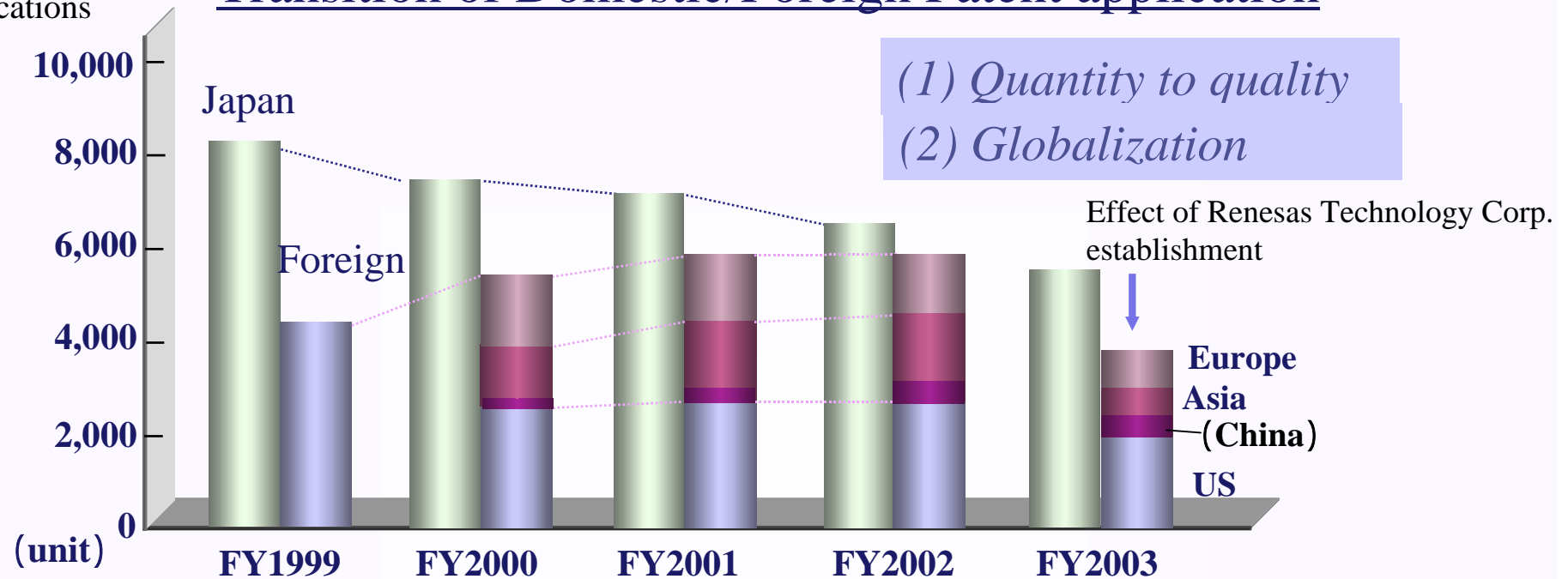
- *Perpendicular Recording*
- *Ubiquitous HDD*

Strategy of Patent applications

(Unconsolidated Basis)

Number of patent applications

Transition of Domestic/Foreign Patent application



Strengthening of US and Chinese patent applications

U.S.

- Number of issued patents in FY2003: Third ranking (1,906 units)
- After FY2004: Retaining upper ranking by consolidated basis

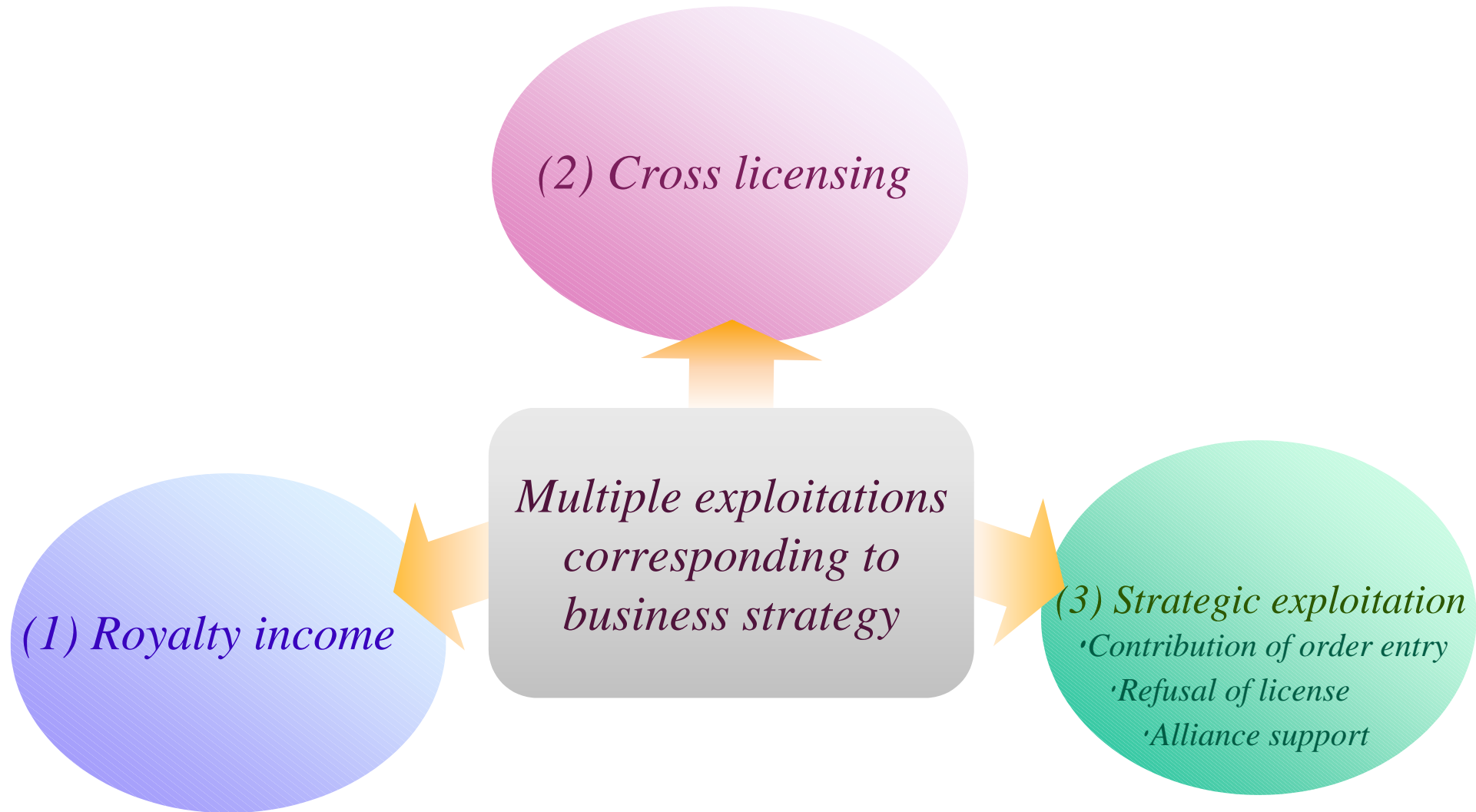
China

- Number of patent applications in FY2006: 1,000 units

Patent's Exploitation Strategy

(Contribution to Business)

HITACHI
Inspire the Next



- Purpose :

- Disclosure of IP strength with technical strength
- Disclosure of consolidated IP strength

- Main disclosure items :

- R&D strategy
- Patent strategy
- Bland strategy

- Time of disclosure :

- May 2004

* Incentive for inventors and compensation required by the Japanese Patent Law § 35

“HOSHO” and Award System adequate one as a technology oriented manufacturer

■ “HOSHO” system *(revised and separated from Award system in 1990)*

● Outline

- Patent application “HOSHO”, Patent Issue “HOSHO” (irrelevant to implementation)
- Implementation “HOSHO” (compensation based upon the contribution to Hitachi business / year, without limitation)
 - Sales contribution part
 - Licensing revenue contribution part (Including cross licensing contribution)

● Total amount : approx. 700 million yen / year

● Who accepts? : Inventor employees and retired ones (including heirs of them)

■ Award System

- Strategic Patent Award
- Contribution of patent exploitation Award
- Patent Acquisition Award

1. Research investment, improvement of research environment

2. Comprehensive measures to give incentive

March 1, 2004, Invention Management Division was established and the division is reviewing the measures with a broad view of global standard

3. Fellow system

4. Technology award from President

The IP excellent company

「The following part is extracted from the Japan Patent Office Annual Report 2003*」
*Japanese version of the report

Part III : The situation of the intellectual property activity in our country

Chapter1 : The intellectual property strategy and the industrial competitive power

4 . The IP excellent company

An example of the operation of acquisition and management of IP in a company

Hitachi, Ltd. positions IP as an engine of their business activities, and makes an effort to excavate and develop inventions and exploit patents strategically.

Based upon the clear strategy "to acquire the strategic patents which are inevitable and imperative to be used by other companies", Hitachi acquires patents through the process of polishing up inventions of patent applications before being filed by joint operation of R&D division and IP division.

Moreover, Hitachi exploits acquired patents effectively according to three roles, the contribution to technical income of IP, exploitation of cross licensing, and exclusive exploitation.