

# IP Strategy of HITACHI

\*IP: Intellectual Property

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- Philosophy: Creating IP Value

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- Basic Policy: Strengthen IP portfolio to support “HITACHI, innovative technology company”

- Build a world-class patent portfolio in main business fields

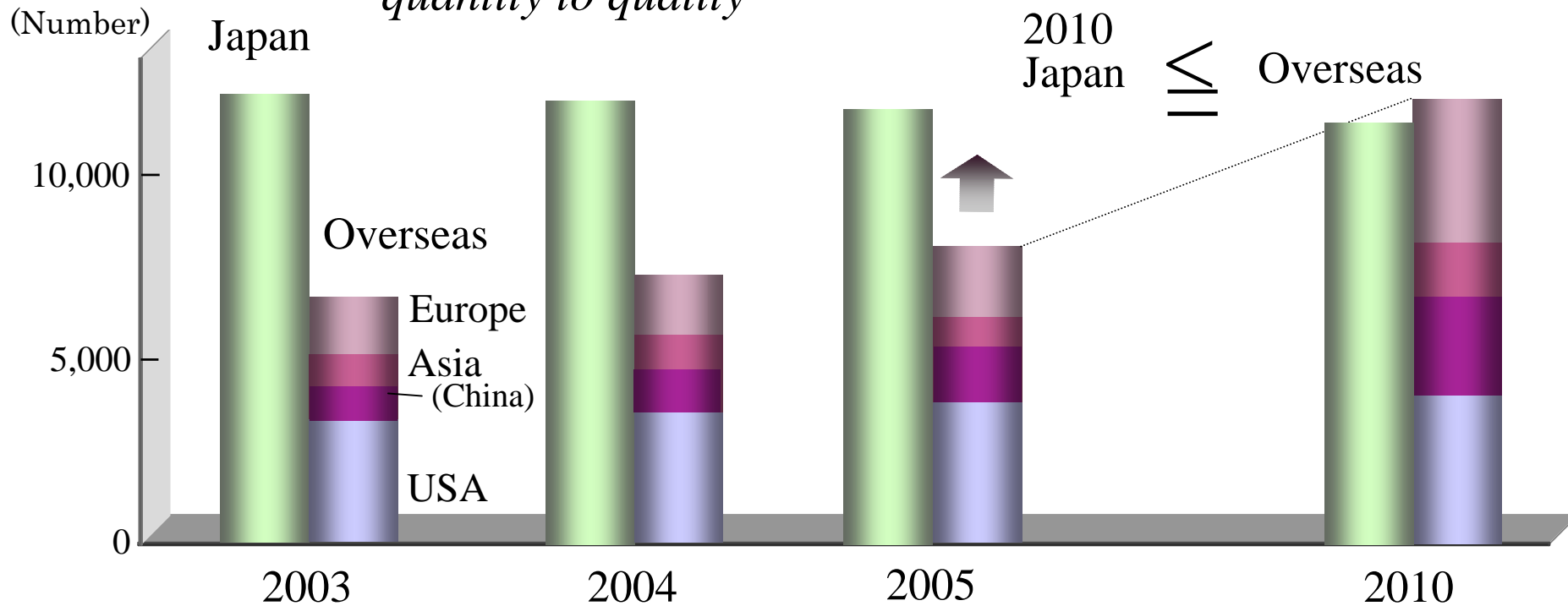
- Patent Applications Numbers

Japan  $\leq$  Overseas

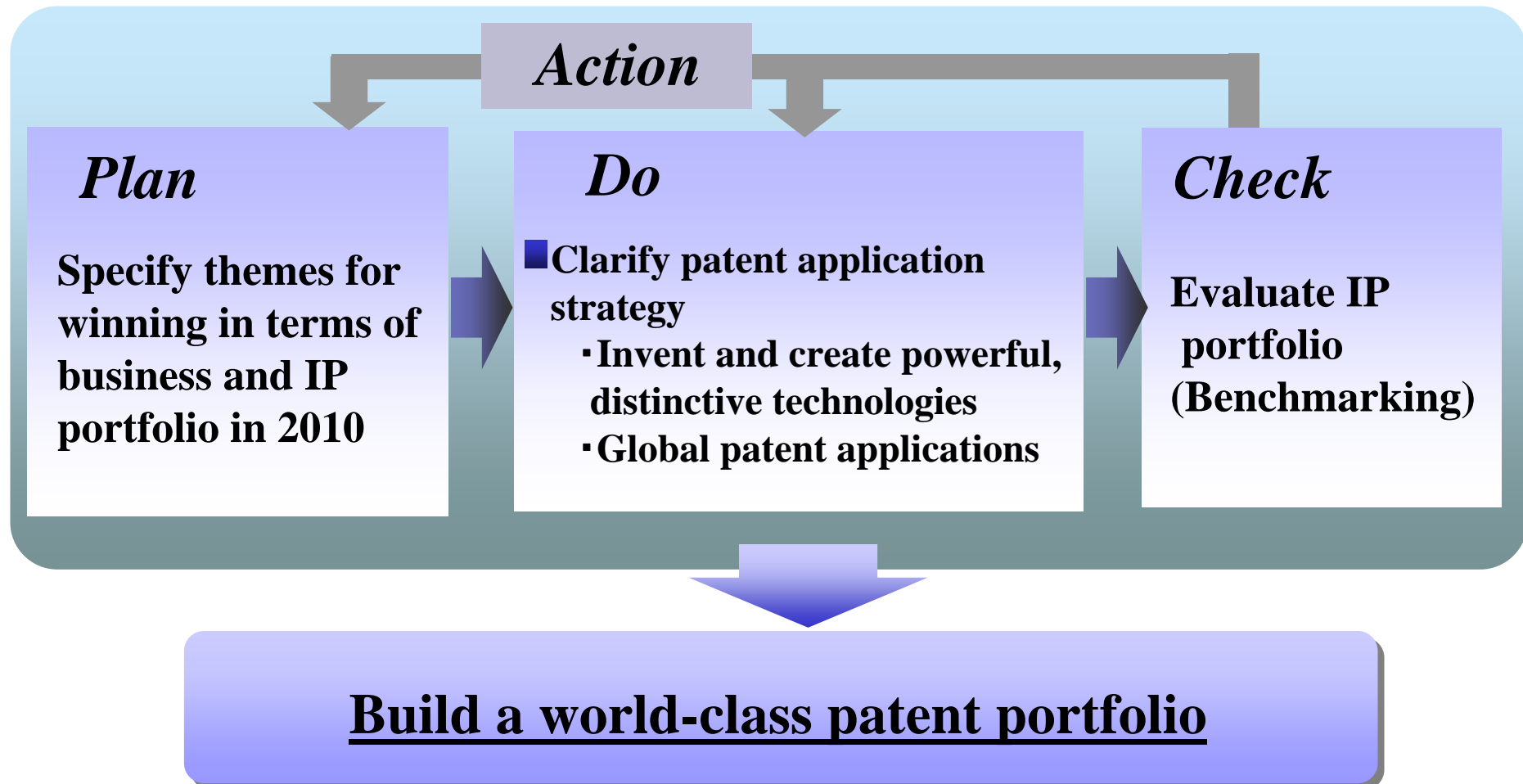
Hitachi Group Domestic/Foreign Patent Applications

① *Shift emphasis from quantity to quality*

② *Globalization*



- Implement PDCA cycle based on benchmarks



Examples of themes for building a powerful patent portfolio

- FS (creation), PPM (development) themes -

Theme	Business Segment
Storage systems (SAN/NAS storage solutions, high-density HDDs)	Information & Telecommunication Systems
Security systems (finger vein authentication systems, secure PCs, $\mu$ -chips)	Information & Telecommunication Systems
Proton beam cancer therapy systems	Power & Industrial Systems
Digital consumer electronics (Wooo)	Digital Media & Consumer Products

## U.S. Patent Registrations in 2005

Company	Number of Patents
IBM	2,966
Hitachi Group	1,893
Canon Inc.	1,833
Hewlett-Packard	1,802
Matsushita Electric Industrial Co., Ltd.	1,704

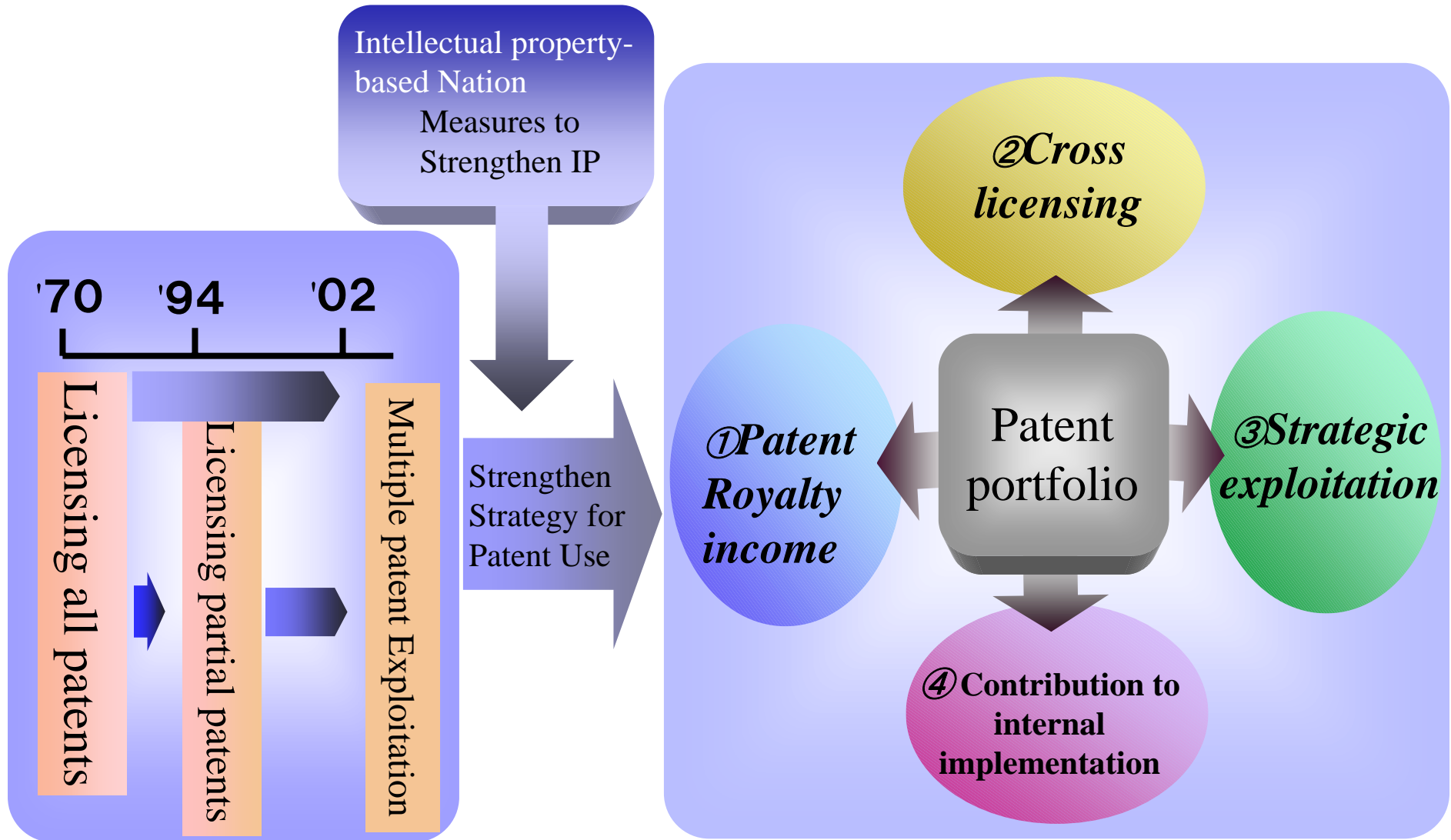
- Maintain a high ranking on a consolidated basis

Search system: IFIPAT/Questel-ORBIT (Prepared by IFI-CLAIMS)

## U.S. Patent Registrations in 2005

— Registrations by Hitachi Business Segment —

Information & Telecommunication Systems	676
Electronic Devices	565
Power & Industrial Systems	338
Digital Media & Consumer Products	234
High Functional Materials & Components	78



 Approach

$$\begin{array}{l}
 \text{Patent} \\
 \text{exploitation} = \\
 \text{index}
 \end{array}
 = \frac{
 \begin{array}{l}
 \textcircled{1} \text{Royalty income} + \textcircled{2} \text{Cross licensing effect} \\
 + \textcircled{3} \text{Contribution by} \\
 \text{strategic exploitation}^* + \textcircled{4} \text{Contribution to} \\
 \text{internal implementation}
 \end{array}
 }{
 \begin{array}{l}
 \textcircled{5} \text{IP-related expenses}
 \end{array}
 }$$

\*: Contribution to order receiving,  
licensing refusal, alliance, etc.

Use the patent exploitation index and its trend as an internal management indicator for making a larger contribution to each business.

- Firmly establish operation of the revised Rewards System for Employee's Invention
  - Ensure appropriate operation of the new system to maintain transparency and acceptability
- Ensure appropriate operation of internal arbitration committee
  - Respond quickly and appropriately to inquiries by employees to ensure transparency and acceptability
- Effectively utilize The Rewards System for Employee's Invention
  - Use new invention information system to enhance incentives for researchers to create inventions

## ■ Recruitment

- Hire new university graduates
- Hire experienced people (Patents: patent attorneys, people experienced in patent administration)

## ■ Foster specialists

- Patent Specialist Training (PST) System

(No. of patent attorneys obtaining qualifications in FY05: 13)

Patent Attorneys: 62

## ■ Training of people engaging globally patent administration

- Patent training at foreign law firms
- Study at U.S. law schools

4 U.S. attorneys

**■ Objectives**

- **Disclosure of organization and strategies for R&D, IP, brand and others that are difficult to understand from outside parties**
- **Disclosure of consolidated IP strength**

**■ Main disclosure items**

- **R&D (organization, strategy)**
- **Intellectual Property (Patent, Brand, Trade Secrets)**
  - *Globalization of patent applications*
  - *Status of patent acquisition in Japan and overseas*
  - *Introduction of a patent exploitation index*
- **Recent activities (Invention information system, measure against counterfeit, trade secret management)**

**■ Timing of disclosure**

- **After the announcement of the financial statements**