

Hitachi's IP Strategy

April 10, 2008

Hiroyuki Hirayama

Managing Director

Intellectual Property Group, Hitachi, Ltd.

Contents

1. Basic Policy of IP Strategy
2. Patent Strategy
 - ① Globalization
 - ② Selection and Focus
 - ③ Patent Portfolio Restructuring
3. Patent Exploitation Strategy
 - ① Globalization
 - ② Strategic Patent Use
 - ③ Collaborative Creation—internal/external resources
4. Summary

Contents

1. Basic Policy of IP Strategy

2. Patent Strategy

- ① Globalization
- ② Selection and Focus
- ③ Patent Portfolio Restructuring

3. Patent Exploitation Strategy

- ① Globalization
- ② Strategic Patent Use
- ③ Collaborative Creation—internal/external resources

4. Summary

■ Vision: Creating IP Added Value

■ Mission

● Building a world-class patent portfolio — Patent Strategy

● Strategic IP use — Patent Exploitation Strategy

■ Goal

● Contribute to the enhancement of corporate value

Contents

1. Basic Policy of IP Strategy
2. Patent Strategy
 - ① Globalization
 - ② Selection and Focus
 - ③ Patent Portfolio Restructuring
3. Patent Exploitation Strategy
 - ① Globalization
 - ② Strategic Patent Use
 - ③ Collaborative Creation—internal/external resources
4. Summary

— Building a world-class patent portfolio —

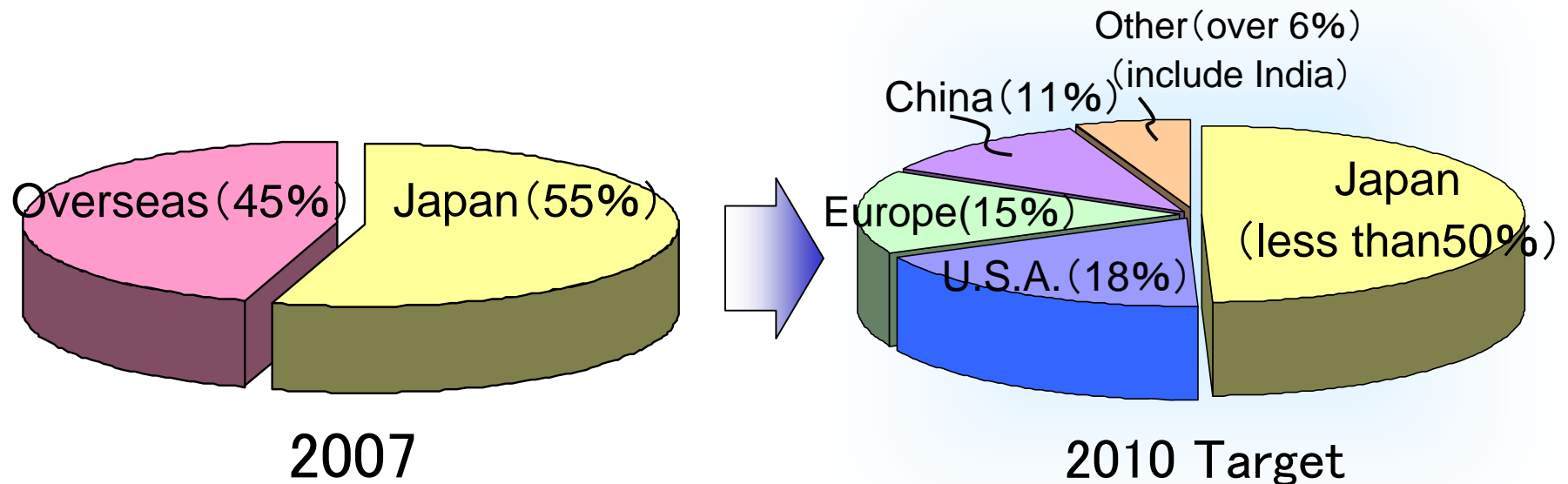
2010 Target:

Number of
Overseas Applications



Number of
Domestic Applications

Hitachi Group Domestic/Foreign Patent Applications



U.S Patent Registration in 2007

Company Gr.	Number of Patents (Rank)	2006 Rank
Samsung	3,263 (1st)	2nd
IBM	3,151 (2nd)	1st
Hitachi	2,302 (3rd)	3rd
Matsushita Electric Industrial Co., Ltd.	2,181 (4th)	4th
Canon Inc.	2,019 (5th)	5th

- Maintain a high position in the ranking on a consolidated basis in 2008 and beyond

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

Create

Refine

*Build
an IP portfolio*

R&D

Flagship (FS) patent activities

- Invention creation activities subject to the R&D roadmap
- Selection of advantageous technology and invention creation for building the patent portfolio

Patent Portfolio Management (PPM) Activities

- Building up the patent portfolio for advantageous technology

Strategic Patent activities

Early selection of important patent applications
Promotion of intensive patent acquisition activities

5 Fighting Patents (FP) activities

Acquiring 5 patents (for each product and competitor) useful in litigation

Competitors' information (market information, prior art search and so on)

Castle patent

Core patent

Patents related to the core

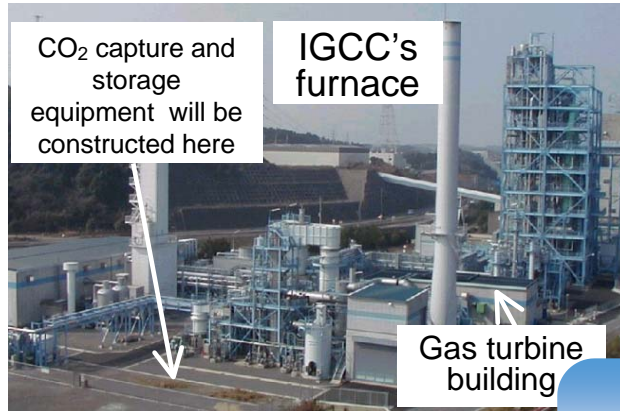
Inner moat patent portfolio

Outer moat patent portfolio

Examples of themes for building a powerful patent portfolio FS (Create), PPM (Refine) themes

Theme	Business Segment
Storage systems (SAN/NAS storage solutions)	Information & Telecommunication Systems
Next Generation Network (NGN)	Information & Telecommunication Systems
Electric power-train systems (Motors used in Hybrid vehicle)	Power & Industrial Systems
Eco-friendly technology (Gas/Steam turbine, etc)	Power & Industrial Systems

Examples of Eco-friendly technology (Gas/Steam turbine, etc.)

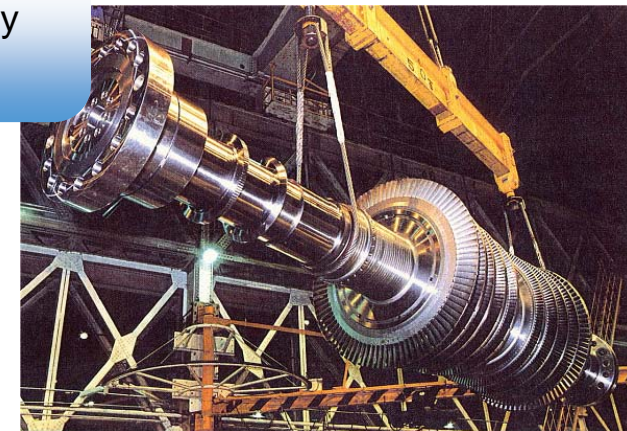


Pilot plant of IGCC
CCS testing will be held



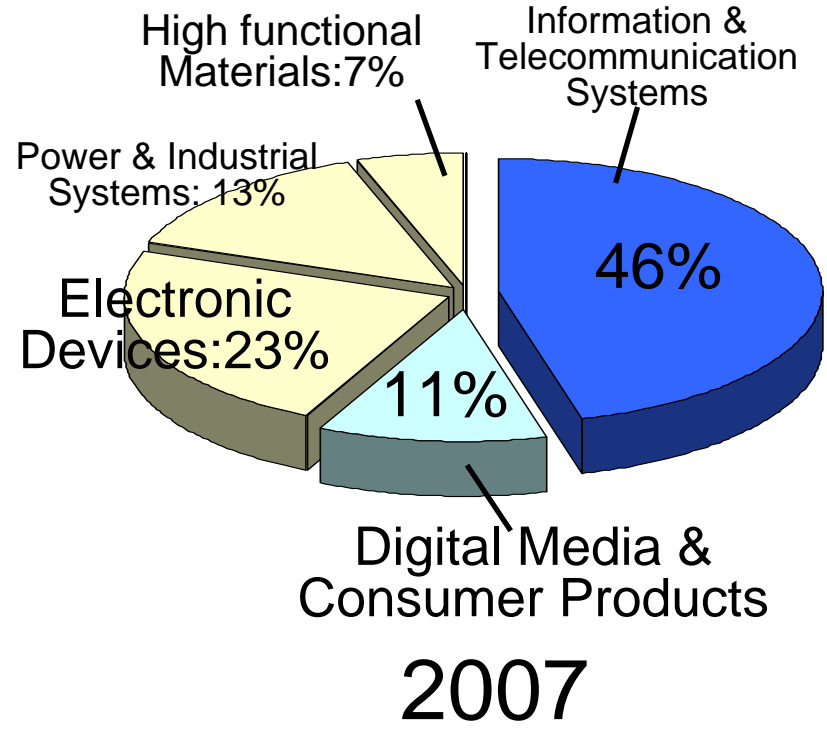
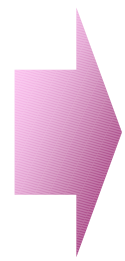
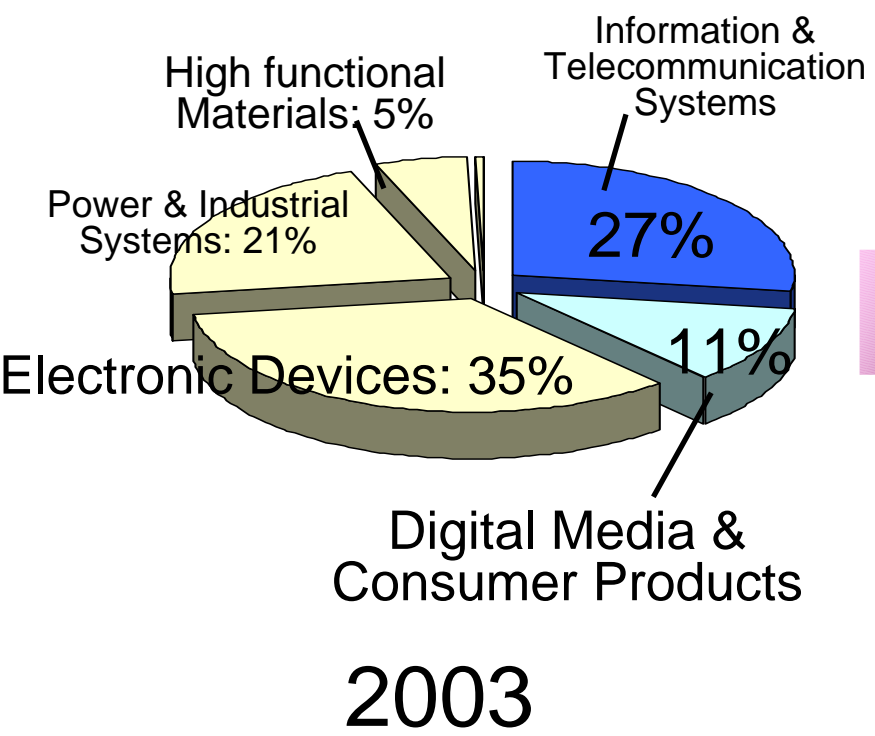
Ultra-super critical pressure coal-fired thermal power plant constructed for North America based Power companies (Won the many prize from power technical magazine)

Contributing CO₂ reduction through the high-efficiency and CCS technology



■ Patent Portfolio in accordance with Business Portfolio

Percentage of U.S issued patents for each Industry Segment



Contents

1. Basic Policy of IP Strategy

2. Patent Strategy

- ① Globalization
- ② Selection and Focus
- ③ Patent Portfolio Restructuring

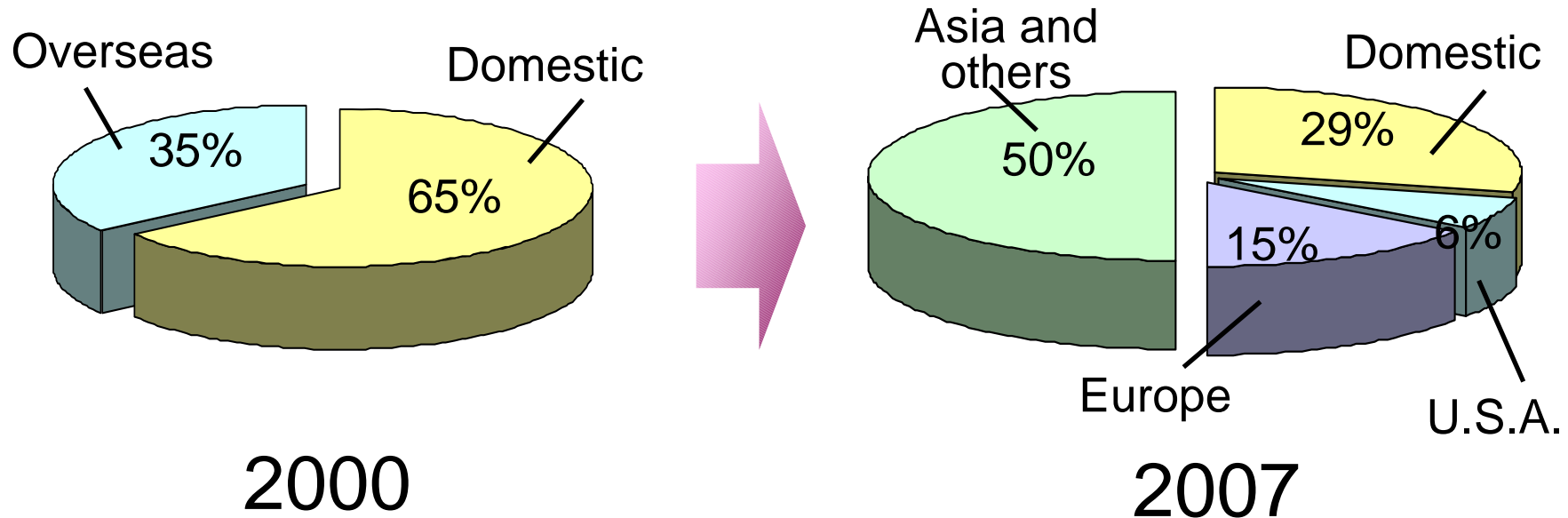
3. Patent Exploitation Strategy

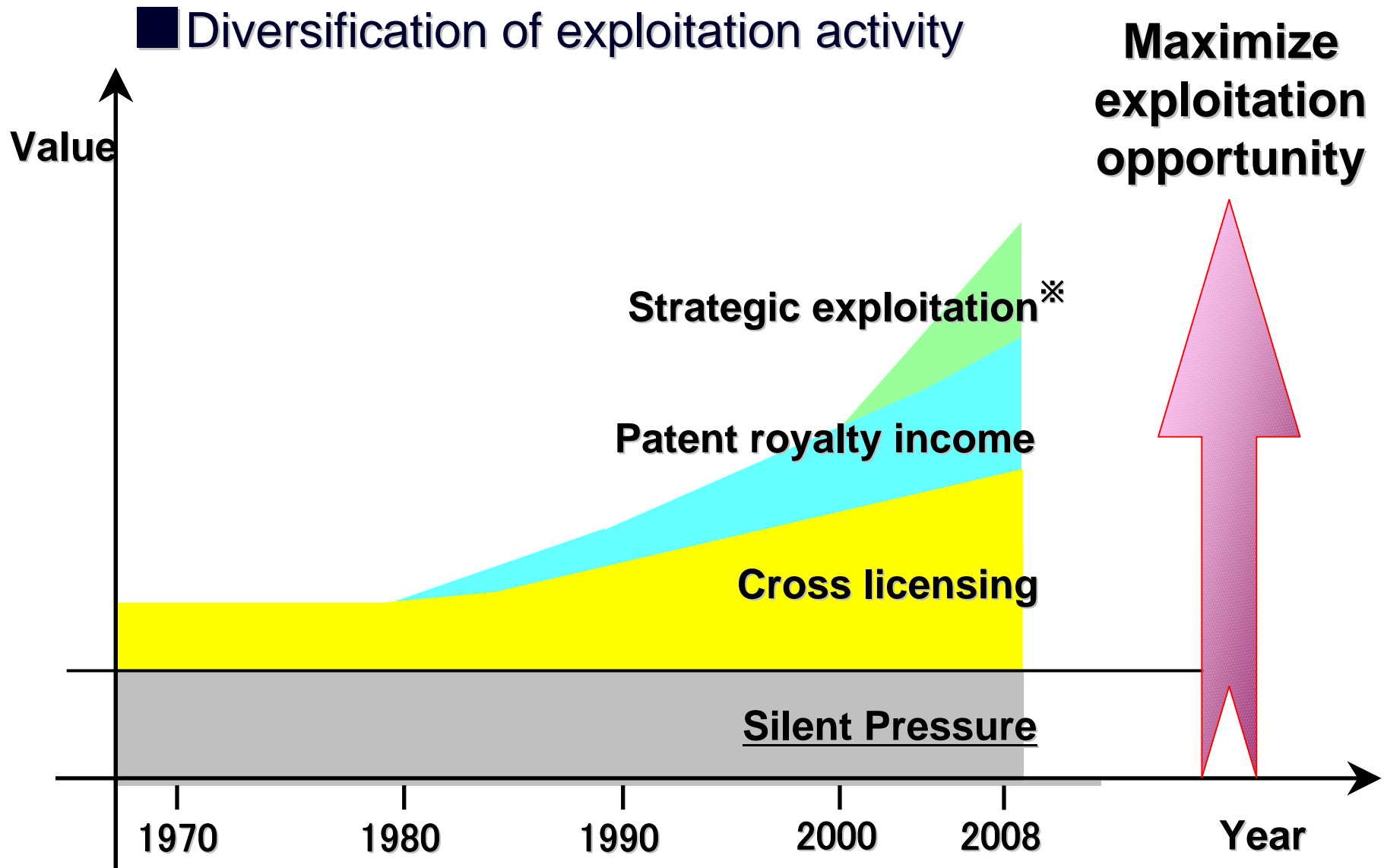
- ① Globalization
- ② Strategic Patent Use
- ③ Collaborative Creation—internal/external resources

4. Summary

■ Global Licensing Activity

Domestic/overseas royalty income breakdown

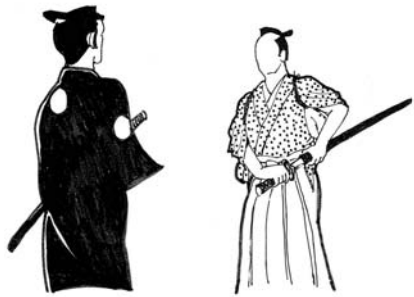




* Strategic exploitation · · Exclusive Use, Technology Branding, Standardization, Sales Support, etc.

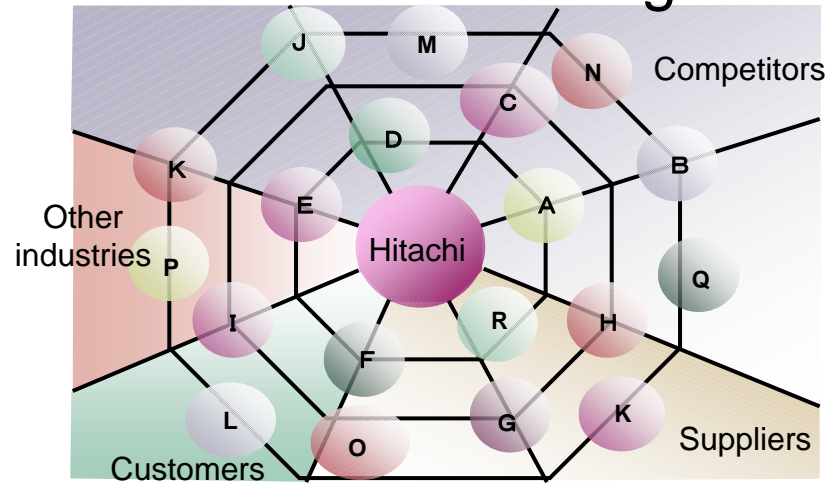
Silent Pressure

Without exercising...



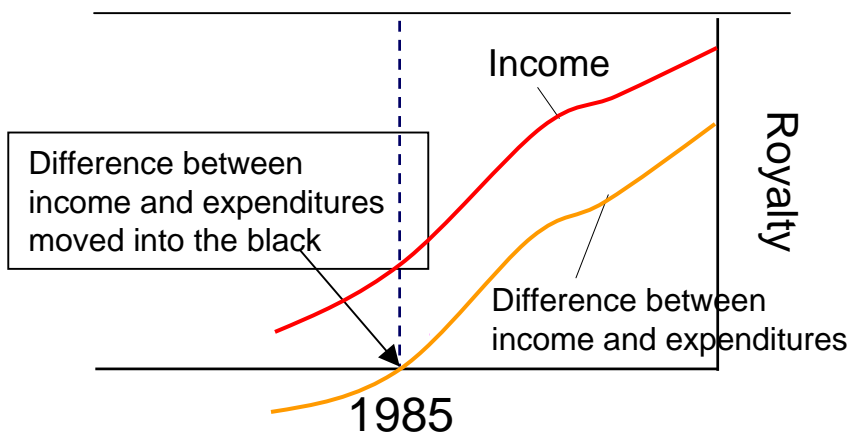
...gives the silent pressure

Cross licensing



Royalty income

1970 1980 1990 2000 2007



Strategic exploitation

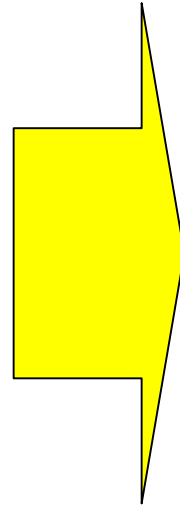
- Standardization
- Exclusive Use
- Sales Support
- Technology Branding

⋮

- Collaborative Creation – internal/external resources
--deal with open innovation trend (using external resource)

Resource

- Technology
- Patent
- Human resource
- Channel
- ⋮







Examples “Collaborative Creation”

- Standardization/patent pool
- Alliance
- Patent purchase (M&A), sale
- Joint development, technology introduction
- Practical use/applied technology development, etc.
- ⋮

Examples of standardizations/patent pools

Standardization activities and patent pools Hitachi participated in

	Standardization group	Patent pool management organization
MPEG-2, 4 (Image compression technique)	ISO	MPEG LA 
DVD-6C (Optical disk)	DVD forum	DVD-6C license agent 
Blu-Ray (Optical disk)	Blu-Ray Disc Association	Not yet determined
IEEE-1394 (Transmission interface)	IEEE	MPEG LA 
ARIB (Digital broadcasting)	ARIB	ULDAGE 

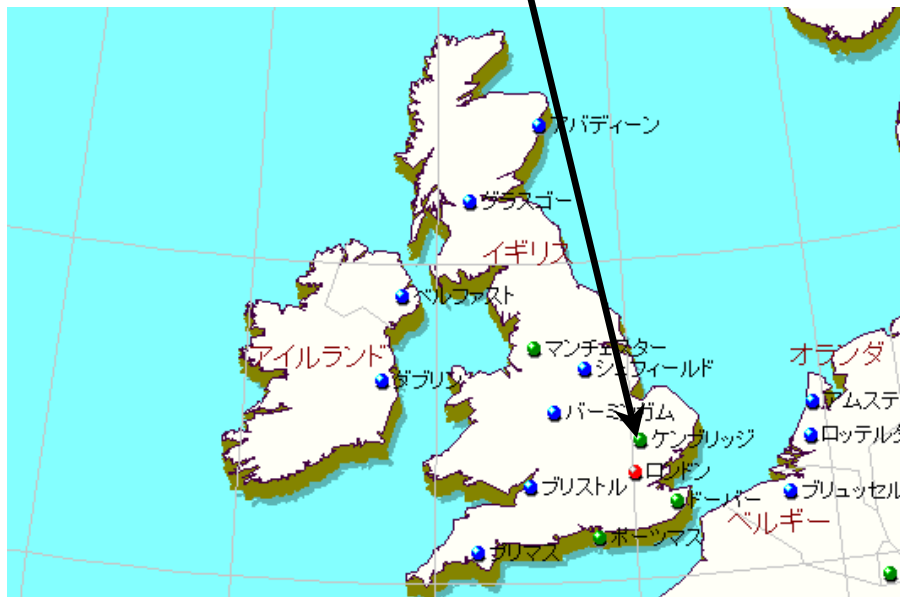
**“One Stop Shopping” = Win-Win for licensor and licensee
(Collaborative creation with others)**

Example of practical use/applied technology development

The case of FSW (Friction Stir Welding) ...

→ Customizing the basic technology
developed by The Welding Institute

The Welding Institute



Obtained non-exclusive
license of two TWI's patents

Hitachi customized the FSW for
railroad car and built the patent
portfolio (W/W: 440 patent)

Channel Finding

–Effective utilization of outside resource–



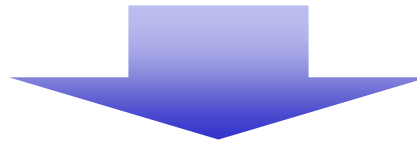
Patent purchase/sale
Partners (license agent)
Sublicense
Patent pool

Contents

1. Basic Policy of IP Strategy
2. Patent Strategy
 - ① Globalization
 - ② Selection and Focus
 - ③ Patent Portfolio Restructuring
3. Patent Exploitation Strategy
 - ① Globalization
 - ② Strategic Patent Use
 - ③ Collaborative Creation—internal/external resources
4. Summary

■ Mission

- Building a world-class patent portfolio
- Strategic IP use



Multifaceted contribution to business by maximizing patent exploitation opportunity

HITACHI
Inspire the Next 