

Policies for Acquiring and Administering Intellectual Property

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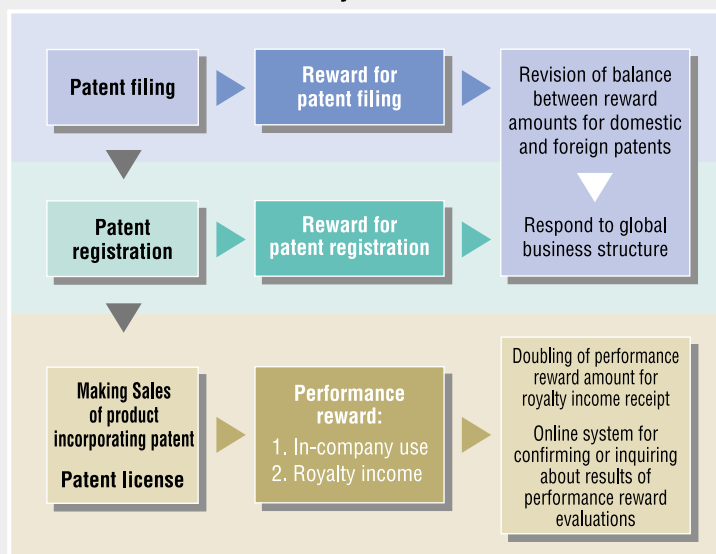
Hitachi Chemical has established its “Rules for Handling Inventions,” which are in-company rules related to the acquisition and administration of intellectual property, and is working to implement them appropriately. With regard to employees’ inventions, in April 2005 the Company commenced revision of its “Invention Awards and Incentive Regulations” and “Invention Awards and Incentive Standards.” Having presented them to employees and won their support, the Company is now in a position to quickly establish rights that arise from R&D activities and strategically deploy them in its business while maintaining or increasing the motivation and morale of the inventors.

Specifically, Hitachi Chemical has changed its “Rules for Handling Inventions” to bring them in line with Article 35 (“Employees’ Inventions”) of the revised Japanese Patent Law, enacted in April 2005. Under these rules, it has transferred the right to file patents for employees’ inventions upon their completion from employee inventors to the Company. In addition, under its “Invention Awards and Incentive Regulations”

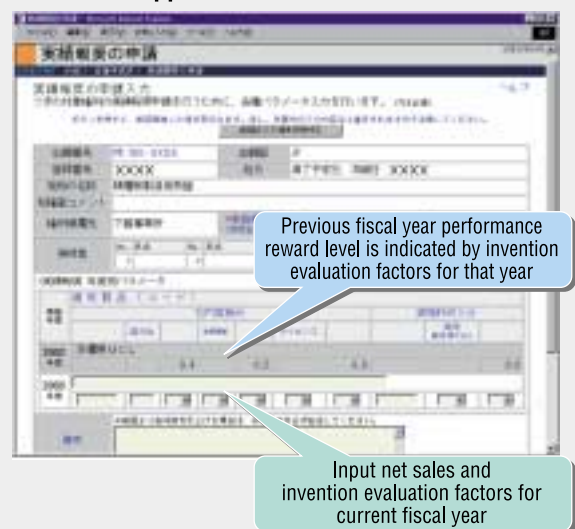
and “Invention Awards and Incentive Standards,” the Company pays rewards to employee inventors when patents are filed, when they are registered, when products incorporating them make sales and when royalty income is realized. Rewards at the time of patent filing and registration are fixed, while the remainder is paid in the form of an ongoing performance reward, during the validity of the patent, the yearly amount being based on overall consideration of various factors, including annual sales of products incorporating the invention, the invention’s quality and degree of contribution, and the amount of royalty income received from other companies under patent licenses. The Company has placed no upper limit for the performance reward payment.

Moreover, Hitachi Chemical introduced a system that allows employees to apply for performance rewards for their inventions via the Company’s intranet. In addition to rewarding inventors, the Company has also established an award system under which employees who have assisted in the use of patent rights that contribute significantly to business will also be eligible to receive awards and monetary rewards. The aim is to raise the incentive for everyone in the Company, not just inventors, to become involved in using patent rights.

Revision of the Reward System



Internal Application for Performance Rewards



Intellectual Property Administration

Hitachi Chemical developed and began operating its unique Strategic Intellectual Property System (patent pending) in April 2002 and updates it as needed to increase usability. Under this system, concerned personnel in the Intellectual Property Office, R&D divisions, business divisions and sales divisions have ready access to a wide range of information regarding intellectual property, including an explanation of intellectual property, detailed instructions and samples for preparing patent specifications, procedures for using patent rights, and information on patents of the Company and others. The system has unified all concerned divisions and departments and allowed them to implement a flexible intellectual property strategy that is linked with our business strategy. In addition, employees can access the system by computer at any time to search our and other companies' patent database, make submissions of inventions and other matters, or review and download information regarding specific patent histories and rejections. This is helping to increase the efficiency of inventors' work. Moreover, the system facilitates communication between the Intellectual Property Office and employee inventors because the Office personnel can query

inventors regarding the need for substantive examination requests and the necessity of maintaining rights while inventors can apply to the Intellectual Property Office for performance rewards and confirm the results of performance reward evaluations, via the Company's intranet. This has made Intellectual Property Office activities much more efficient.

Policies Regarding Administration of Trade Secrets and Prevention of Technology Outflow

Hitachi Chemical has set down its "Rules for Handling of Company Trade Secrets" and "Rules for Handling of Other Companies' Trade Secrets" to protect its trade secrets and ensure those of other companies are handled appropriately. The Company is working to raise awareness of these rules through workshops targeting the R&D divisions, business divisions and sales divisions, and by distributing brochures that explain why and how trade secrets should be protected.

Moreover, Hitachi Chemical maintains a technological "black box" to prevent the outflow of technology by divulging the least possible amount of information regarding key elements of its R&D and production activities, including material names, compounds, compositions and production technologies.

Internal Application for Invention

The screenshot shows a web-based form titled "国内出願登録申請" (Domestic Patent Application). It features a flowchart at the top with steps: 1. 発明の提案 (Proposal of Invention), 2. 発明の審査 (Invention Review), 3. 発明の登録 (Invention Registration), and 4. 発明の権利化 (Invention Rights). Below the flowchart, there are several input fields and buttons for navigating through the application process.

Step-by-step form entry

Internal Patent Database

The screenshot shows a search interface titled "社内特許データベース検索" (In-house Patent Database Search). It includes search criteria fields for "発明名称" (Invention Name), "発明者" (Inventor Name), and "キーワード" (Keyword). Below the search fields is a table listing patent entries with columns for patent number, title, inventor, and status. A red circle highlights a specific entry in the table.

Patent database is accessible to anyone connected to the Company's intranet

Searchable by invention name, inventor name or keyword

Contents of applications for patents not yet open to public inspection are not disclosed

Click here for patent details