

Policies for Acquiring and Administering Intellectual Property

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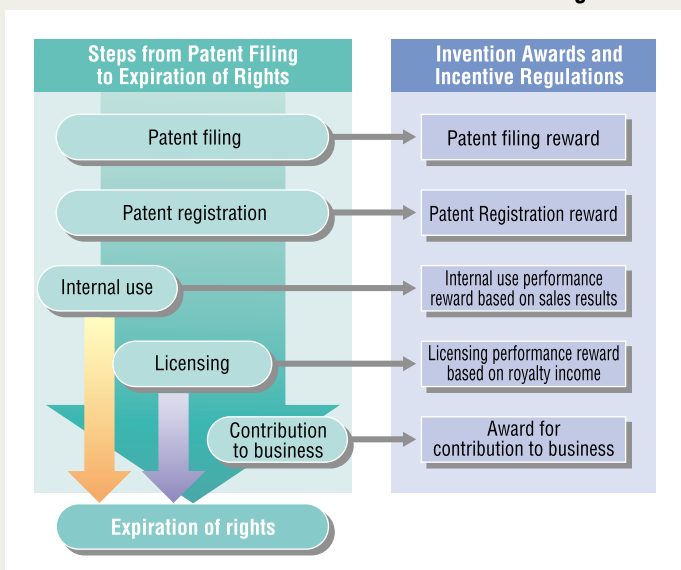
Hitachi Chemical has established its “Rules for Handling Inventions,” which are in-company rules related to the acquisition and administration of intellectual property, and is working to implement them appropriately. Hitachi Chemical subsequently changed these rules to bring them in line with Article 35 (“Employees’ Inventions”) of the revised Japanese Patent Law, enacted in April 2005. Under the rules, the right to file patents for employees’ inventions upon their completion has been transferred 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 are launched 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 on the performance reward amount.

In the case of patent rights that contribute significantly to business, the Company has also established an award system under which not only inventors but employees who have assisted in the application of such rights 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 applying patent rights. “Rules for Handling Inventions,” “Invention Awards and Incentive Regulations” and “Invention Awards and Incentive Standards” are available to employees via the Company’s intranet and other internal communications.

Moreover, Hitachi Chemical introduced a system that allows employees to apply for performance rewards for their inventions via the Company’s intranet. Applicants can also confirm, inquire about or request reevaluations of results of the Intellectual Property Office’s evaluations of these applications (including invention evaluations). In this way, the Company is working to achieve acceptance of the invention awards system among inventors and gain their cooperation in acquiring and using patent rights.

■ Overview of “Invention Awards and Incentive Regulations”



■ Performance Reward Evaluation Results Screen



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 databases of our and other companies' patents, 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 via the Company's intranet regarding the need for substantive examination requests and the necessity of maintaining rights. 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.

Patent Application Status Confirmation Screen

出願番号	発明名称	出願日	権利状況	権利喪失理由	権利喪失日	権利喪失場所
2002-100000	新規な化合物	2002.04.01	権利喪失	権利喪失	2002.04.01	国内
2002-100001	新規な化合物	2002.04.01	権利喪失	権利喪失	2002.04.01	国内
2002-100002	新規な化合物	2002.04.01	権利喪失	権利喪失	2002.04.01	国内
2002-100003	新規な化合物	2002.04.01	権利喪失	権利喪失	2002.04.01	国内
2002-100004	新規な化合物	2002.04.01	権利喪失	権利喪失	2002.04.01	国内
2002-100005	新規な化合物	2002.04.01	権利喪失	権利喪失	2002.04.01	国内

Internal Patent Database