

# Protection of Intellectual Property Rights

## Basic Policy

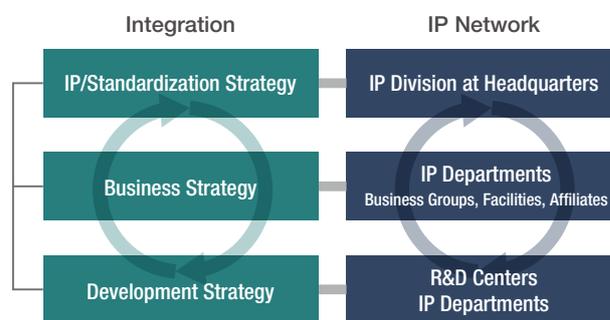
The proper protection of intellectual property (IP) rights promotes technological progress and sound competition, and also contributes to realizing affluent lifestyles and the development of society.

The Mitsubishi Electric Group recognizes that intellectual property (IP) rights represent a vital management resource

essential to its future and must be protected. Through integrating business, R&D, and IP activities, the Group is proactively strengthening its global IP assets, which are closely linked to the Group's business growth strategies and contribute to both business and society.

## Structure of the Intellectual Property Division

The IP divisions of the Mitsubishi Electric Group include the Head Office IP Division, which is the direct responsibility of the president, and the IP divisions at the Works, R&D centers, and affiliated companies. The activities of each IP division are carried out under the executive officer in charge of IP at each location. The Head Office IP Division formulates strategies for the entire Group, promotes critical projects, coordinates interaction with external agencies including patent offices, and is in charge of IP public relations activities. At the Works, R&D center, and affiliated company level, IP divisions promote individual strategies in line with the Group's overall IP strategies. Through mutual collaboration, these divisions work to link and fuse their activities in an effort to develop more effective initiatives.



Integrating Business, R&D and IP Activities

## Global IP Strategy

The Mitsubishi Electric Group identifies critical IP-related themes based on its mainstay businesses and important R&D projects, and is accelerating the globalization of IP activities also by filing patents prior to undertaking business development in emerging countries where an expansion of business opportunities is expected. Furthermore, resident officers are assigned to Mitsubishi Electric sites in the United States, Europe, and China to take charge of IP activities and strengthen the IP capabilities of business offices, R&D centers, and affiliated companies in each country. Through these initiatives, we strive to create a robust global patent network.

As an indication of the Mitsubishi Electric Group's IP capability and global IP activities, the company ranked 3rd in Japan in terms of the number of patent registrations (in 2016) announced by the Japan Patent Office (JPO), and 4th in the world in terms of Patent Cooperation Treaty (PCT) applications by businesses (in 2016) announced by the World Intellectual Property Organization (WIPO). In conjunction with creating a patent network, we are also actively pursuing activities toward acquiring design rights in Japan and overseas, to protect both the functional and design aspects of our technologies.

(Top 5) PCT applicants: businesses, 2016 (WIPO, PCT Yearly Review)

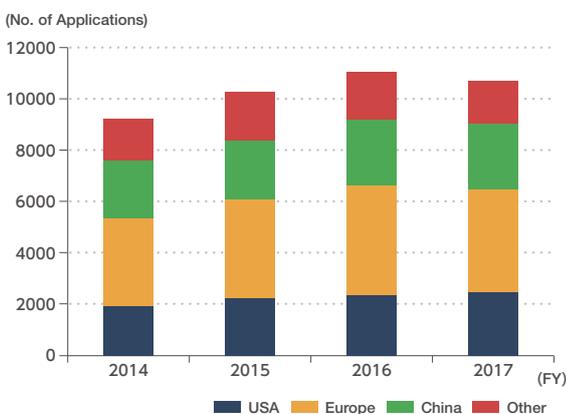
Rank	Applicant	Country	No. of patents
1	ZTE	China	4,123
2	Huawei	China	3,692
3	Qualcomm	USA	2,466
4	<b>Mitsubishi Electric</b>	<b>Japan</b>	<b>2,053</b>
5	LG Electronics	South Korea	1,888

(WIPO)

No. of patent registrations in 2016 (Japan)

Rank	Applicant	No. of patents
1	Canon	4,095
2	Panasonic	4,046
3	<b>Mitsubishi Electric</b>	<b>4,042</b>
4	Toyota Motor	3,717
5	Fujitsu	2,399

(JPO)



Annual Trends in Overseas Patent Applications by the Mitsubishi Electric Group



Further Strengthening Global IP Capabilities

## Respecting IP Rights

The Mitsubishi Electric Group firmly recognizes the importance of mutually acknowledging and respecting not only its own intellectual property rights but the intellectual property rights of others as well. This stance is clearly set forth in the Mitsubishi Electric Group Conduct Guidelines and practiced throughout the Group.

Any infringements on the IP rights of others not only violate the Code of Corporate Ethics and Compliance, but also have the potential to significantly impair the Group's continued viability as a going concern. The resulting potential impairments include being obliged to pay significant licensing fees or being forced to discontinue the manufacture of a certain product.

In order to prevent any infringement on the IP rights of others, various educational measures are provided

mainly to engineers and IP officers, to raise employee awareness and promote greater respect for the IP rights of others. At the same time, a set of rules has been put in place to ensure that a survey of the patent rights of others is carried out at every stage from development to production, and is strictly enforced throughout the entire Group.

The Mitsubishi Electric Group also works diligently to prevent any infringement on its IP rights by others. In addition to in-house activities, we place particular weight on collaborating with industry organizations while approaching government agencies both in Japan and overseas as a part of a wide range of measures to prevent the counterfeiting of our products.

### IP Strategy for International Standardization

In order to expand business in global markets, the Mitsubishi Electric Group is actively promoting international standardization. Activities to acquire patents that support international standards (e.g., standard essential patents) are openly promoted. As the member of an organization in which patent pools for Digital Broadcasting, MPEG, HEVC and Blu-ray Disc™\* collectively control standard essential patents, the IP revenues

obtained through the organization are contributing to improvement and growth in business earnings. The Group is also working to increase activities for acquiring patents in competitive fields involving international standards, and promoting IP activities that contribute to increasing product competitiveness and expanding market share.

\*Blu-ray Disc™ is a trademark of the Blu-ray Disc Association

### Cooperation in IP Policies

IP policies—such as those for prompt and efficient patent examination, international standardization activities, measures against counterfeit and pirated goods, and the establishment of a global patent system—strengthen Japan's competitiveness in the international market and contribute to building affluent lifestyles and society. Based on this awareness, Mitsubishi Electric makes various proposals regarding IP policies and amendments of relevant laws from the industrial perspective, through its activities with institutions such as the Intellectual Property Strategy Headquarters and other governmental

agencies of the Patent Office, and industrial organizations such as the Keidanren and the Japan Intellectual Property Association. Given today's advances in economic globalization, the establishment and promotion of IP policies that are consistent with Japan's national interest are sought. Mitsubishi Electric thus engages in active exchanges of views and information with the World Intellectual Property Organization (WIPO) and patent offices abroad, and cooperates in establishing IP policies from a broad, global perspective.

### Dr. Tamotsu Nomakuchi of Mitsubishi Electric receives the Industrial Standardization Award and the Intellectual Property Achievement Award

Dr. Tamotsu Nomakuchi, (then) Mitsubishi Electric's Executive Corporate Advisor, received the Prime Minister Award of the 2015 Industrial Standardization Awards\*<sup>1</sup> and the METI Minister Award (Award for Contributors Concerning the Intellectual Property Rights System) of the 2015 Intellectual Property Achievement Awards\*<sup>2</sup>. Dr. Nomakuchi promoted industrial standardization as a crucial component of Japan's Intellectual Property Promotion Plan. He also helped establish Japan's intellectual property system, such as by contributing to the acceleration of the patent examination process and establishment of the Intellectual Property High Court, under a national strategy for strengthening Japan as a hub of intellectual property.

Through such Group-wide activities, Mitsubishi Electric will continue to contribute to strengthening Japan's technological power and establishing the intellectual property system.

\*<sup>1</sup> Industrial Standardization Award: An award provided by the Ministry of Economy, Trade and Industry to contribute to the growth of Japan's industries by promoting the development of world-class, international standard personnel and the dissemination of industrial standards in Japan. The Prime Minister Award is presented to individuals who are recognized for taking the initiative in carrying out international standardization activities and making an extremely significant achievement.

\*<sup>2</sup> Intellectual Property Achievement Award: An award presented by the Patent Office to individuals or companies that have contributed to establishing the IP rights system. It consists of two awards. One is the Award for Contributors Concerning the Intellectual Property Rights System, which is presented to individuals who have contributed to establishing, disseminating, or promoting awareness of the system. The other is the Award for Good-standing Companies Utilizing the Intellectual Property Rights System, which is presented to companies that utilize the Intellectual Property Rights System effectively and contribute to its smooth operation and development. Each award further consists of the Award of the Minister of Economy, Trade and Industry, and the Award of the Commissioner of the Japan Patent Office.