

RESEARCH AND DEVELOPMENT/INTELLECTUAL PROPERTY

INTELLECTUAL PROPERTY

Policy for Intellectual Property Activities

Tokyo Electron basic policy for intellectual property (IP) activities is that our IP activities should contribute to increase corporate revenues through supporting our business activities. It's also essential that our IP strategy is integrated with our technological and product strategies. Our IP strategy prioritizes differentiation of our products and bolstering our competitive advantages with our IP rights, over earning income from licensing to other companies.

Technologies are continuing to advance in complexity in our business fields and the risk to become involved in IP disputes in the development of new products increases significantly unless we fully respect the IP rights of other companies. To minimize the risks of disputes, Tokyo Electron monitors others' IP and takes appropriate approaches including obtaining licenses from others if necessary.

Operation of Intellectual Property Activities

Tokyo Electron continues aggressive R&D activities to satisfy the requests of our customers. In order to maintain competitiveness from the achievements of our R&D activities, it is necessary that we protect such achievements through steadily obtaining IP rights. To facilitate obtaining IP rights, we cooperate closely among our R&D operations and we have local IP departments in our major plants. We also assign IP engineers/staff locally in several countries outside of Japan in response to an increase of our R&D activities globally. We also revised our internal regulations regarding IP management last fiscal year to deal with frequent interaction and joint R&D activities between engineers in different countries.

For effective IP activities, it is necessary to respond flexibly to dramatically changing markets and various technological trends. To exchange information about the market and technological trends frequently, IP engineers in charge of surveys and external affairs related to IP are assigned our corporate headquarters, which has sales and marketing divisions. In addition, IP engineers in the plants and headquarters, a manager of sales or marketing division, and a manager of R&D division have meetings periodically so that our IP activities are conducted to include market and technological trends.

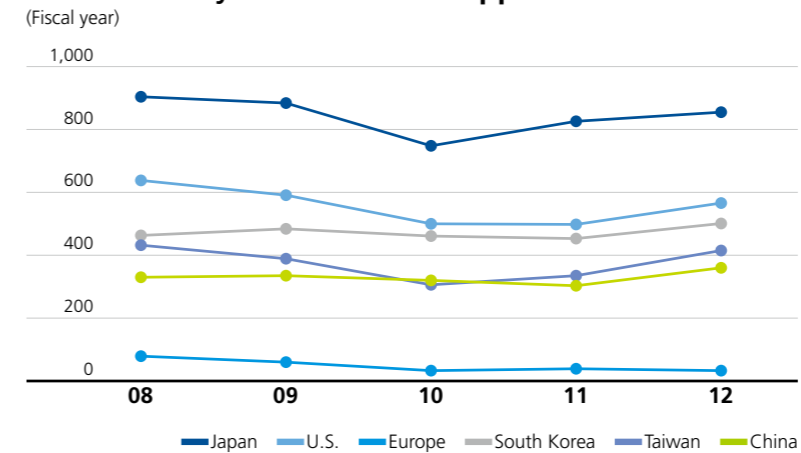
Status of Intellectual Property Rights

Tokyo Electron vigorously builds an IP portfolio that encompasses our technology in each business field. We obtain IP rights not only for core technologies but also for technologies associated with and around our core technologies.

We always optimize the numbers of our patent applications and patents in each country, reflecting market and competitor trends in each of our business fields. The graph in this section shows the numbers of patent applications and patents of Tokyo Electron in each country. In recent years, we have filed about 70%*¹ of our applications globally, reflecting the importance of overseas markets for our business. In particular, we have been increasing the numbers of patent applications and patents in South Korea and China. These numbers are based on our patent strategies reflecting the recent growing importance of the South Korean and Chinese markets for our business, as well as the rise of semiconductor and FPD production equipment manufacturers in South Korea.

*¹ This figure is the percentage of patents filed overseas out of all our patents filed with the Japan Patent Office. The average among Japanese companies is about 25%.

Number of Tokyo Electron Patent Applications



Number of Patents Held by Tokyo Electron

