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Canon
make it possible with canon

International Symposium

Intellectual Property and East Asia Renaissance

“Intellectual Property and Global Economic Growth”

Canon's Corporate Management and Intellectual Property in East Asia

Nobuyoshi Tanaka Ph.D.

Senior Managing Director

**Group Executive,
Corporate Intellectual Property
and Legal Headquarters**

Canon Inc.

Started with camera business in 1937

= Management philosophy since start-up =

- **“Respect for human life and integrity”**
- **“Compete with Canon’s original technology”**

Diversification by
original technology

**Global Top
Market Share**

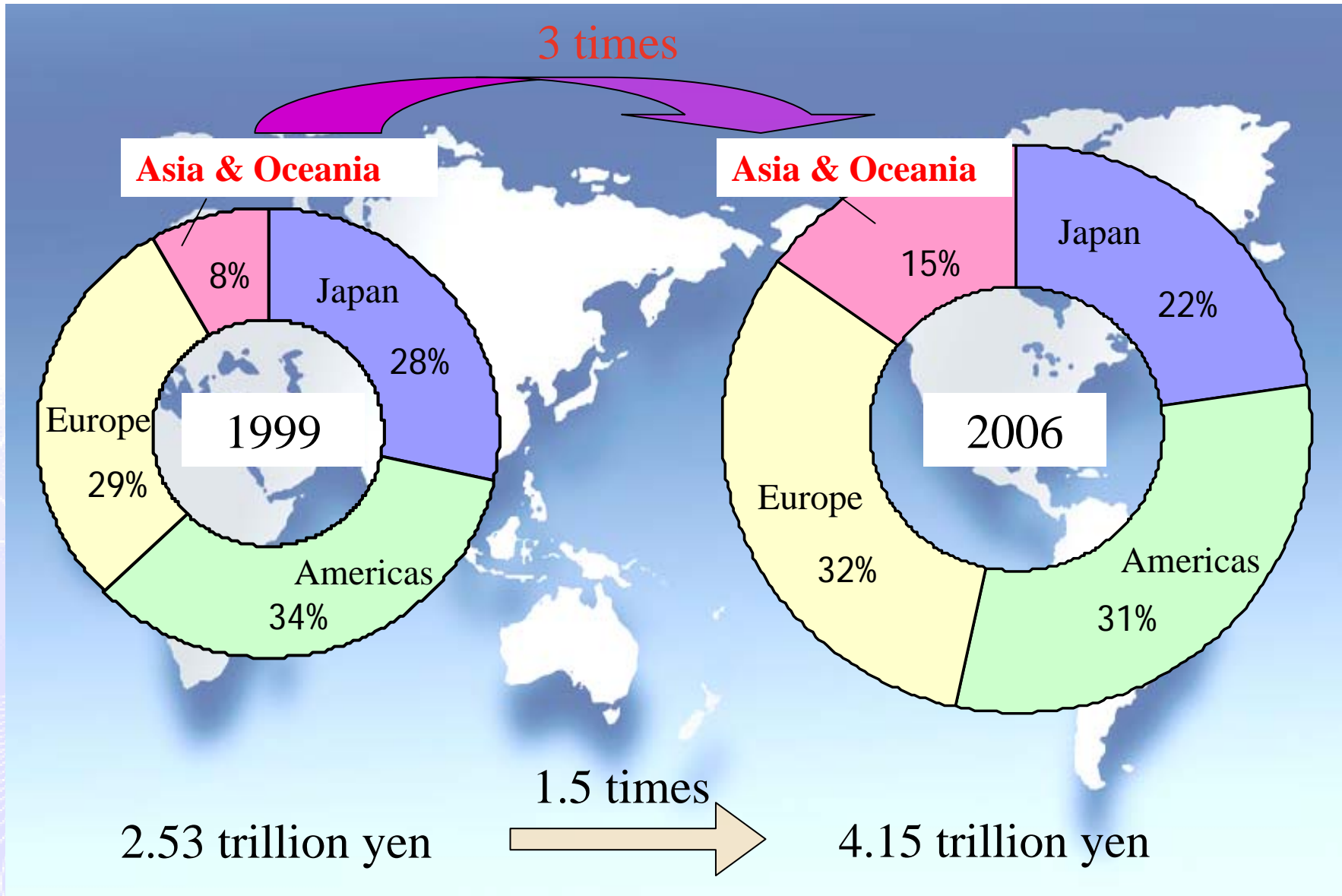
▪ Digital cameras	22%
▪ Plain paper copiers(PPC)	28%
▪ LBP (color)	52%
▪ LBP (monochrome)	60%
▪ Large format LCD exposure systems	51%
▪ TV Broadcasting lenses	60%
▪ Image scanners	35%

* Canon estimates for 2006 data

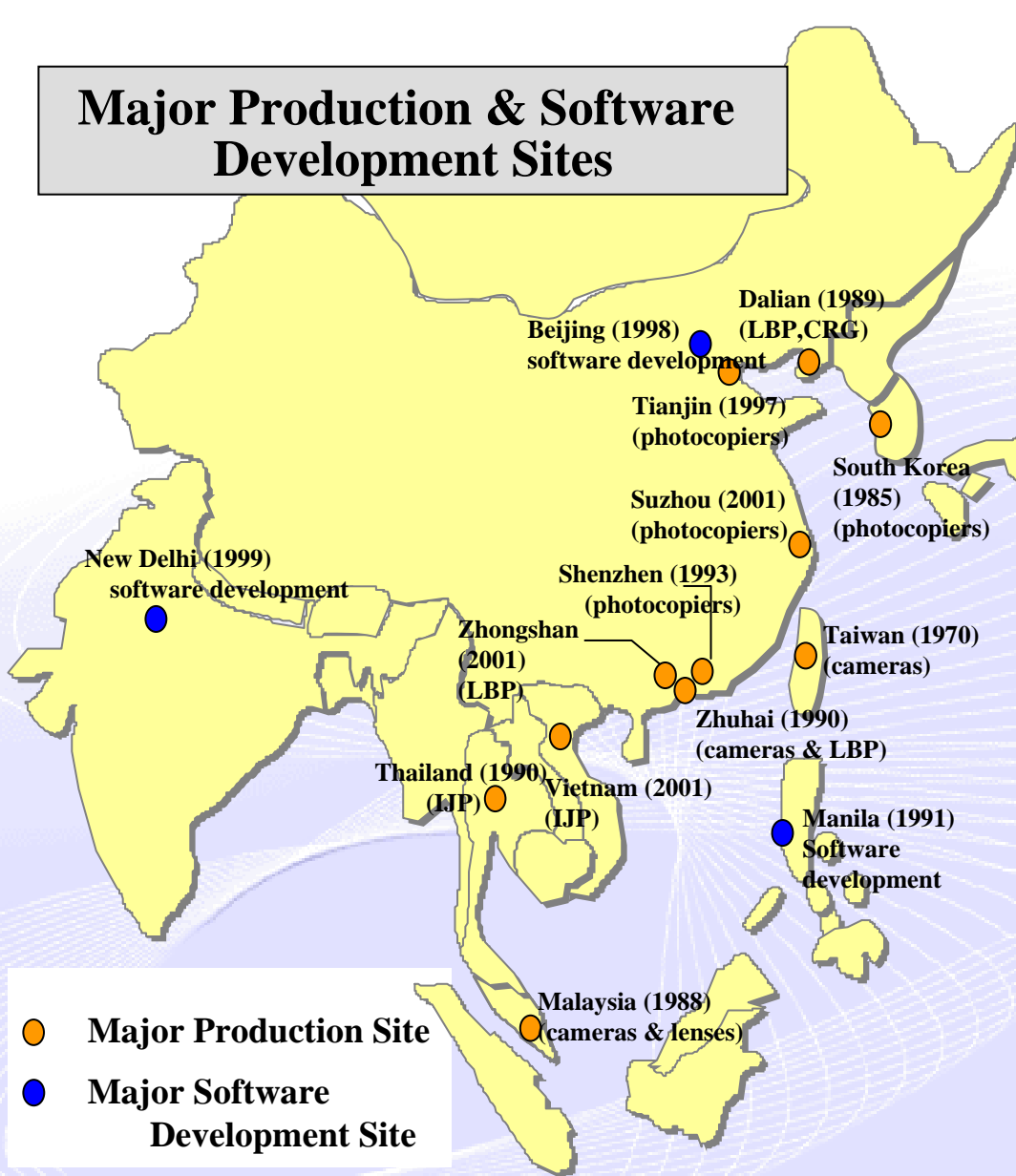
Examples of failure due to original technology: Synchroreader, office computer, FLC and plenty more...

Company Introduction

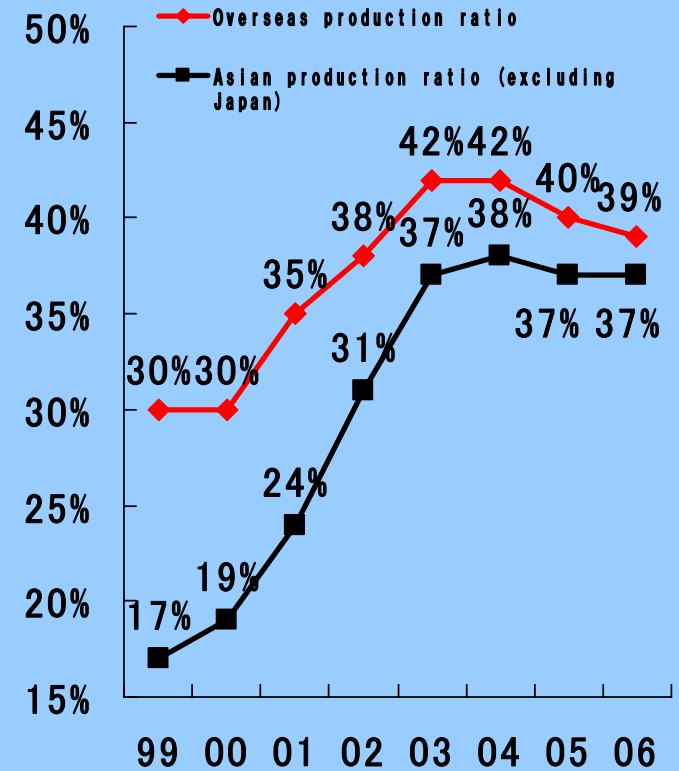
Breakdown of Sales by Region (consolidated)



Major Production & Software Development Sites



Overseas Production Ratio



Select production site based on characteristics of each product

1. Japan

- High value-added products (absorbing labor costs)
 - High quality photocopied machines, digital SLR cameras
- Products best fitting for full automation
 - Consumables, etc.

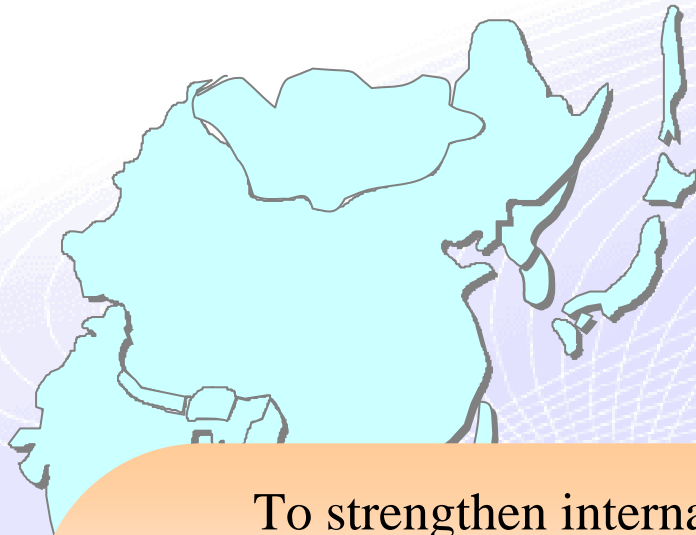
2. Asian Region

- Regional decentralization instead of concentration
 - To cope with unforeseen situations such as political instability, SARS, etc.
- Cost competitive products
 - Inkjet Printers, LBP (monochrome)

- 1970s – 1980s
- Since 1990s

U.S.A. ⇒ Japan

Japan ⇒ Asia (China, etc.)



== Rise of the Asian Region ==

- Production site
- Improvement of technological strength
- Shift to a large consumption region (markets)

To strengthen international competitiveness:

- Create new knowledge (technology), produce new products, and develop new business
- Protect new business with intellectual property rights derived from this “knowledge”

Intellectual property based country

East Asia region

Production site

Economic development
Improvement of technological strength

Consumption region

Domestic businesses

No intellectual property culture → Counterfeits deter the healthy growth of the original products
【 Urgent development of intellectual property system 】

Counterfeit products

Products compatible with original brand

Original technology products

Establishment of production company

Out-Of production/sales
• **Royalty base**
(Trademark, design, copyright, know-how)
【 Transfer pricing tax problem 】

Enforce trademark & design rights

Enforce patent rights

Overseas businesses

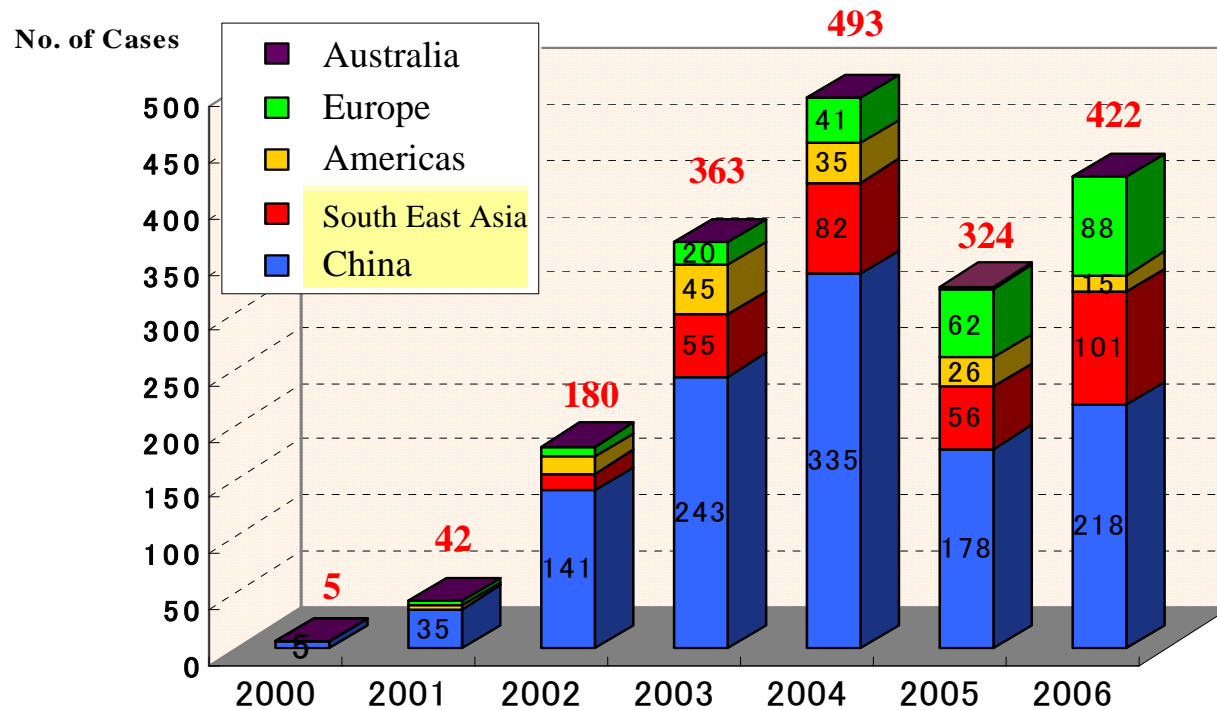
Establishment of sales company

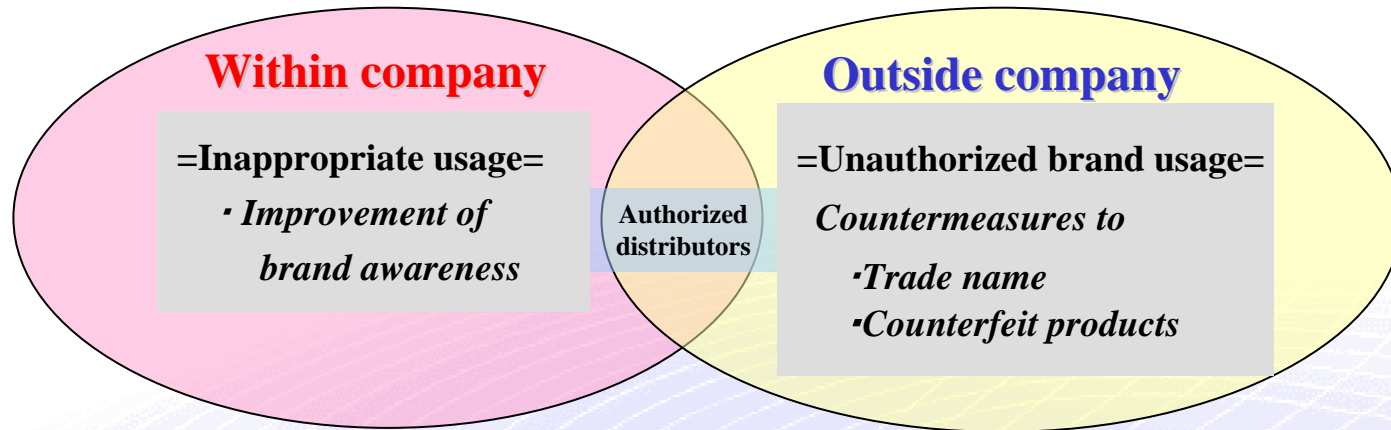
Brand management
(trade name management, businesses with similar trade names, billboards, business cards, etc.)

Establishment of research and development company

Prevent technology outflow **【 Contract 】: Management of intellectual property rights**

Yearly progress by region





1. Creation of system for Canon logo management
2. Establishment of the brand management committee at each branch
 - Deploy brand management training seminar



Guangzhou branch office (China)

Awareness reform : “culture and thinking differ in countries & regions”

1. Production companies

- Products management ⇒ Produce key parts and devices in Japan
- Personnel management ⇒ Prepare rules & regulations including non-disclosure agreements
- Information management ⇒ Provide minimum electronic transmission of drawings for local production

2. Software development companies

- | | |
|------------------------------------|---|
| (1) In-house security management | ① Management of employee entry/exit (with guard)
② Management of employee with its ID card
③ Entry/Exit with individual passwords |
| (2) Equipment management | ① Inspection of personal items such as media at the gate |
| (3) Internet connection management | ① Prohibition of internet access
② Access management for intranet data by data |

Sound global economic growth needs promotion of innovation and protection by intellectual property system

Current Situation

- ① Counterfeit products harm the healthy business growth, damage brands, threaten people's safety and enrich a source of funds for criminal organizations.
- ② There are gaps in the legal system among countries and regions for intellectual property protection as well as its enforcement.

Developed countries are requested to proactively support the establishment of East Asia's intellectual property system.

Requests and Cooperation