

## Intellectual Property Management

### Canon's Policy on Intellectual Property

Since its establishment, Canon has actively engaged in technology research and development, achieving solid growth as an R&D-oriented company in creating markets and customer segments by developing products with proprietary technologies.

This history underpins our belief that the achievements of R&D activities are products and intellectual property (IP). At Canon, the purpose of IP activities is clearly defined as being to support business development. We aim to make a practical contribution to realizing technologies of benefit to society through the creation and utilization of IP assets. These include basic patents required for core next-generation technologies; the standard-essential patents for technologies vital to an IoT society; and patents related to technologies addressing innovative societal needs in areas such as AI, fintech, security, healthcare, and environmental conservation.

#### Basic Policy of Canon IP Activities

- IP activities are vital to support business operations
- The fruits of R&D are products and IP
- Intellectual property rights of other companies should be respected and handled appropriately.

### Respecting Intellectual Property Rights

Canon takes a strict, consistent approach against counterfeit goods and intellectual property infringements. At the same time, we respect the intellectual property rights of other companies. We have established clear rules to ensure that our products do not infringe on rights held by others.

More specifically, we conduct thorough searches of third-party patents to prevent use of intellectual property held by others without permission. Such thorough searches of third-party rights are carried out at all stages, from R&D onward, based on cooperation between the R&D division involved in the technology and the department responsible for intellectual property rights.

Moreover, by conducting thorough searches of third-party patents, Canon smoothly and appropriately creates partnerships with other companies and external research institutions for cross-licensing or joint research projects. This allows Canon to achieve better results than would be possible using only in-house patents or technologies.

### Canon Group Intellectual Property Management System

To carry out Canon's business activities consistent with its intellectual property strategy, intellectual property rights management has been centralized under the direction of the Corporate Intellectual Property and Legal Headquarters at Canon Inc. We manage the Group's intellectual property rights from the standpoint of optimizing the overall intellectual property portfolio.

For example, when concluding a patent licensing agreement with another company (a third party), the Corporate Intellectual Property and Legal Headquarters approves the agreement only after making adjustments reflecting advantages for the entire Group. This step ensures that the Group maintains an appropriate intellectual property portfolio. We review our portfolio regularly to ensure that only necessary rights are being reserved.

Liaising with IP divisions across the Canon Group, the Corporate Intellectual Property and Legal Headquarters at Canon Inc. also collects the latest information on national IP systems as well as business intelligence on emerging markets with growth potential. It is then used to manage IP activities in line with market and technical trends.

In addition, in liaison with other central departments, the Group Executive of the Corporate Intellectual Property and Legal Headquarters at Canon Inc. (a Managing Executive Officer role) makes decisions on IP usage from a management perspective.

#### Management to Strengthen Group Companies

Internal rules governing IP activities specify the respective roles and responsibilities of the Corporate Intellectual Property and Legal Headquarters at Canon Inc. and the Group company IP divisions in relation to the handling of IP and related processes for policy formulation.

We are also actively working to strengthen global IP activities across the Canon Group through the sharing of information between Canon Inc. and Group companies, and via assignments and exchanges of personnel.

### In-house Intellectual Property Education

The steady resolution of technical issues is an essential element in providing superior products and services. Understanding problem-solving approaches in detail—often the result of considerable effort—and the importance of finding solutions is valuable for researchers and developers as well as the world’s engineers. At Canon, we strive to obtain patents with greater practical utility by having R&D personnel write proposals for inventions to the level of detail required for a patent filing.

To maintain internal IP systems, new Canon Inc. employees receive training on the Basic Policy of Canon IP Activities, and technical staff are all given training on how to perceive invention and write proposals. In addition, managers promoted to oversee sections or departments undergo compulsory training based on IP trends, and we offer a range of optional IP-related training courses.

### Applying for Patents around the Globe

Canon places importance on applying for patents on a global basis, and as of January 2020, held approximately 87,000 patents and utility models worldwide.

When filing patent applications outside Japan, our teams develop detailed patent-filing strategies based on regional business strategies, technologies and product trends to assess countries/regions where patents are required. We have focused on filing patent applications in the United States due to its large market scale and preponderance of high-tech companies. Canon has ranked in the top five for US patent registrations every year for the past 34 years. In 2019, we ranked third overall and were the patent leader among Japanese companies for the 15th consecutive year.

### Top 10 Ranking for AI-related Patent Filings

Canon ranks in the Top 10 firms worldwide for AI-related patent filings, according to *WIPO Technology Trends 2019: Artificial Intelligence*, the first report into AI-related IP published by the World Intellectual Property Organization (WIPO).

Canon continues to develop products that use AI technology. One example is people-counting software that applies deep learning to video analysis to give instant estimates of crowds of up to 6,000 people, even in congested or complex situations. The application of AI to Canon technologies developed over many years is enabling us to push the envelope further.

### Top Five Companies Acquiring U.S. Patents in 2019

Rank	Company	Number of patents
1	IBM	9,261
2	Samsung Electronics	6,492
3	Canon	3,555
4	Microsoft Technology Licensing LLC	3,088
5	Intel	3,022

\* Figures based on data released by IFI CLAIMS Patent Services, a U.S. research company specialized in patent information.

### WIPO GREEN Activities at Canon Inc.

Canon is involved in the WIPO GREEN initiative. WIPO GREEN is a global online platform that aims to support innovation by promoting the adoption of environmental technologies. Member companies register environmental protection technologies on the platform. People wanting to utilize such technologies are matched with the firms that supply them through the platform.

Canon Inc. has registered bioplastics-related technologies on the platform, including one for making highly impact-resistant plastics from plant-derived raw materials and one for retaining strength and flame resistance during plastics recycling. We plan to make more environmental protection technologies publicly available in the future so they can be utilized by those needing them.

Canon Inc. hopes to contribute to achieving the SDGs by tackling environmental issues in partnership with institutions and companies from around the world.

