

# 6. Strategy for Intellectual Property Acquisition and Management

## Strategy for Intellectual Property Acquisition and Management

The Intellectual Property Department of Kirin Holdings oversees the management of intellectual property (IP) for Kirin Holdings and Main Group Companies, including for patent rights, utility model rights, design rights and plant breeder's rights. (The following companies manage intellectual property on their own: Kyowa Hakko Kirin Company, Limited; Mercian Corporation; Kyowa Hakko Bio Company, Limited; Kyowa Hakko Chemical Company, Limited; and Kyowa Medex Company, Limited.) The Intellectual Property Department also formulates strategies for IP acquisition that are aligned with the business and R&D strategy of each company, and provides coordination between Kirin Group companies.

Every year, the Intellectual Property Department works with Main Group Companies to set targets for patent filings under an initiative called "Increasing Key Patents Through Innovation" which aims to collaboratively increase the number of patent filings. This initiative seeks to drive innovation by encouraging the acquisition of broad and powerful rights.

After patents are filed, the patent liaison sections of Kirin Group companies regularly convene meetings by an invention evaluation committee, in collaboration with the Intellectual Property Department of Kirin Holdings. These committees meet to discuss the direction for securing rights, with the goal of securing many patents that will greatly benefit each business.

The Intellectual Property Departments of Kyowa Hakko Kirin and Kyowa Medex, and the Intellectual Property Section of Mercian, are responsible for managing patents and other IP for their respective companies. These departments are dedicated to securing patents for each product and technology that is developed, in a manner consistent with the business and R&D strategy of each company.

The Kirin Group companies have also formulated their own internal regulations for employee inventions that comply with Article 35 of the revised Patent Act, and operate programs to reward employees for their inventions. These initiatives help to motivate researchers and secure talented human resources, helping to build a strong foundation for R&D. Kirin Brewery offers a Distinguished Service Award for inventions that have a major impact on business revenues, and an Outstanding Achievement Award for inventions that contribute a certain level of business revenues.

## Preventing Patent Infringement

The Kirin Group operates an assessment system to prevent infringement on patents held by others. Under the system, Kirin Group companies conduct surveys to check for patent infringement at each phase of R&D, and formulate strategies to prevent patent infringement. As of June 30, 2009, the Kirin Group has not been involved in any patent litigation that could have a significant impact on its business.

## Protection of Trade Secrets and Technology Information

The Kirin Group has formulated information security regulations to prevent external disclosure of trade secrets and technology information. Employees receive training to ensure that non-disclosure agreements are in place if there is a need to disclose trade secrets to outside parties.

## Contributions of Licensing Activities

The Kirin Group engages in licensing activities with other companies, in addition to using IP to secure a competitive advantage for Kirin Group businesses. The Kirin Group will continue to actively pursue licensing opportunities as long as the licensing terms such as the region and application are consistent with our business interests.

## Intellectual Property Portfolio

At the Kirin Group, Intellectual Property of Kirin Holdings works together with business and R&D departments as a single unit to pursue IP activities at the center of our IP strategy. The Kirin Group is assembling a patent portfolio that is aligned with our business strategies, by formulating IP strategies at the outset of R&D and following through with the patent filings and rights acquisition. The Kirin Group will also acquire necessary outside rights or pursue licensing that enable us to execute our business and expand our patent portfolio.



## 7. Kirin Group Brands and Trademarks

### Kirin Group Brands

The Kirin Group has formulated a long-term strategy called the Kirin Group Vision 2015 that identifies the need to enhance the value of the Kirin brand as one of our priority tasks. Under the Kirin brand, the Kirin Group seeks to inspire confidence and enhance the image of Kirin innovation to capture the loyalty of customers. At the same time, the Kirin Group pursues activities that further enhance the value of the Kirin brand, as an engine for the company. To fulfill this objective, Group companies are evaluated both in terms of their contributions to the Kirin brand and business results, while clearly identifying how each Group company will contribute to improving the corporate value of the Kirin Group.

The Kirin Group also embraces initiatives that enable employees to execute the philosophical principles of the Kirin Group through their daily business activities, as embodied in the Kirin Group management philosophy, Kirin Way, and Kirin Group Action Declaration.

As a corporate group that utilizes the gifts of the land to supply nourishment, the Kirin Group understands that it is necessary to enhance the value of the Kirin brand both through our business activities and through other initiatives. We are endeavoring to bring the brand closer to our customers through a focus on CSR initiatives and using diverse points of communication ranging from corporate advertising to our website (<http://www.kirinholdings.co.jp>). Kirin Brewery is developing numerous product brands such as for beers, happo-shu and alcohol beverages belonging to new categories, while perpetuating the Kirin Lager Beer brand that has stood for more than a century. All of these brands feature the distinctive Kirin mark, which is taken from a mythical Chinese creature that symbolizes happiness. The Kirin mark today is associated with beer products, and brings to mind both tradition and innovation in the eyes of consumers.

Using the Kirin logo to enhance the value of the Kirin brand, Kirin Beverages is creating products that bring smiles to the faces of our customers, so that we can inspire a new culture surrounding beverages. In April 2009, Kirin Kyowa Foods commenced using the Kirin logo, as a business that is involved in the areas of food and health. Overall brand management is being enhanced through the work of the Corporate Branding Section, which operates under the Corporate Planning Department of Kirin Holdings and works closely with relevant departments to enhance the level of brand management.

### Kirin Group Trademarks

The Kirin Group utilizes the trademark system to broadly register trademarks in Japan and abroad, helping to protect both the Kirin Group brand and our product brands. The Kirin Group conducts surveys to check for trademark infringement by other parties and takes necessary steps to protect the brand value, while also respecting the rights of others. The Kirin Group remains committed to using the trademark system in order to actively protect our rights in Japan and abroad. As of December 31, 2008, Kirin Holdings had registered 1,037 trademarks in Japan and 997 trademarks in other countries, centering on Kirin Group brands.