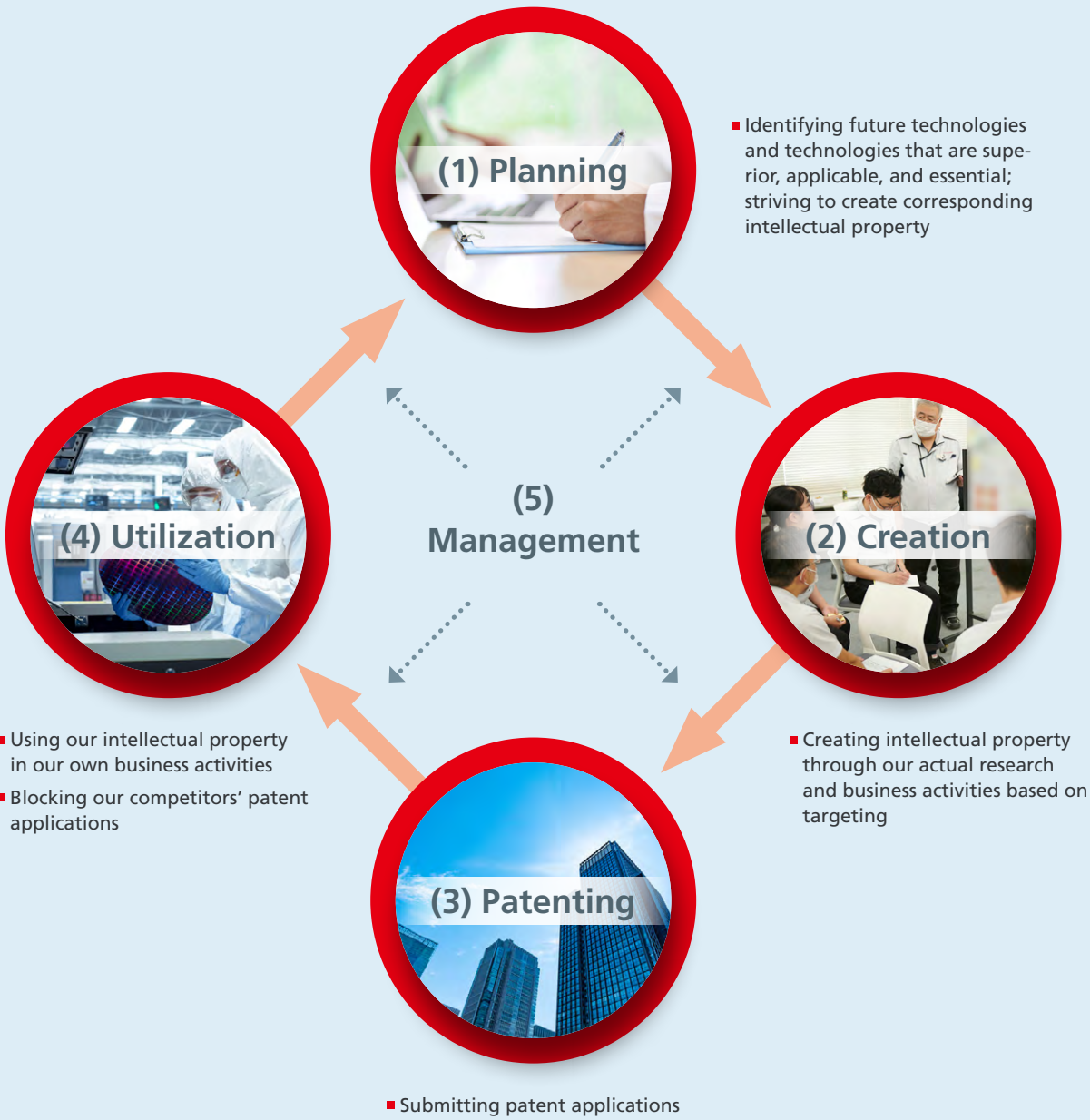


Special Feature 1

Intellectual Property Strategies for Protecting Technologies and Creating Value

TAIYO YUDEN doesn't strive simply to own intellectual properties that it has created in-house, but also to evolve them into strategic assets that create corporate value. We place great emphasis on five perspectives: planning that looks to future markets, creation based on our unique technologies, obtaining intellectual property rights that support our competitive power, using intellectual property rights to expand and protect our business, and overall optimization. Intellectual property is a bridge that connects technologies and management. It is the source of our sustained growth and our global competitiveness.



Planning

Identifying Sources of Competitive Power

Intellectual property is the launch point of business growth. That's why TAIYO YUDEN's intellectual property strategies are predicated on forecasting market needs and concentrating on technical fields where it can leverage its strengths to their fullest to secure a competitive advantage. We focus on unique technologies that are hard for competitors to copy, such as material technologies and process technologies. By differentiating ourselves, we aim to be a pioneer that creates the world's finest products. We see this as the driving force that supports the improvement of our corporate value and our sustainable growth.



Preparing for the next medium-term management plan

We are working to clarify which fields are our high priority fields. During the next medium-term management plan period, we will continue to supply high-value-added products for the high-reliability and cutting-edge markets, such as products for use in automobiles and AI servers. In line with this, led by our intellectual property strategies, we will also concentrate our limited resources in the fields where our strengths lie, striving for both speed and competitiveness.

Creating Future Competitiveness

After we identify the areas where we need to focus our improvement efforts, we offer development support. TAIYO YUDEN's Intellectual Property Department has always created intellectual property while working closely with departments engaged in R&D and business activities. From FY2022, we have been carrying out patent co-creation activities within TAIYO YUDEN to anticipate future market needs. These initiatives aim to predict future technical issues from a medium- and long-term perspective, instead of being hemmed in by short-term development themes, and secure patents for methods for addressing these technical issues. Technical personnel gather from various different departments to discuss future product requirements and come up with ideas in anticipation of future problems. These activities not only increase the number of patents that we hold, but also help foster a greater focus on intellectual property among technical personnel and promote better coordination between departments (▶ [p.49 Patent creation meetings that shape the future of TAIYO YUDEN](#)).

Going forward, we will introduce digital transformation and AI tools to enhance our analysis capabilities and heighten our competitiveness by improving both the speed and quality of our intellectual property creation.

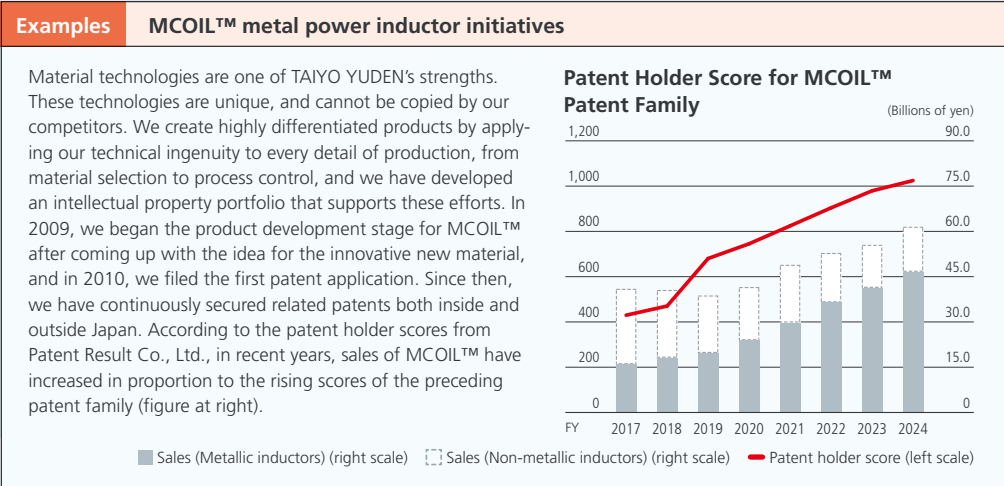


Creation

Patenting

Securing Rights for the Intellectual Property We Create

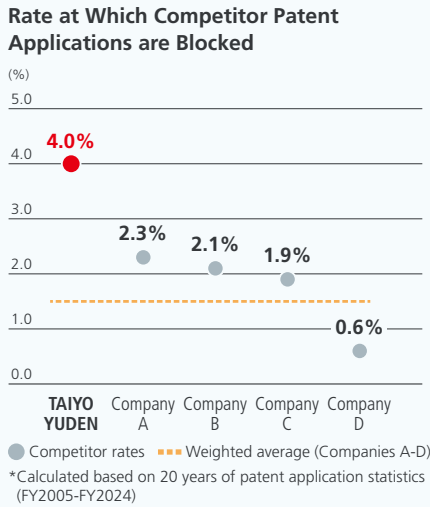
TAIYO YUDEN protects its technologies by patenting them. By doing so, we secure our future competitive advantage. We focus on two areas in securing intellectual property rights for the results of our research and development. The first is protecting the key technologies involved in supplying our products to the market. The second is thoroughly polishing our patent portfolio. We have created a system for maintaining our future market competitiveness by securely protecting our technical expertise in the form of intellectual property.



Special Feature 1: Intellectual Property Strategies

Using Our Intellectual Property to Protect the Freedom of Our Business Activities

TAIYO YUDEN doesn’t just protect its intellectual property. It utilizes this intellectual property to secure its competitive advantage. Patents aren’t merely intellectual property rights, they’re important assets--tools that support our business strategies and the freedom of our business activities. We are thorough in our patenting of the technologies that are essential to our products, but we also dedicate ourselves to creating patents that are influential when it comes to our competitors’ products. Our competitors aren’t just companies here in Japan, but also in countries such as Korea and China, so we are paying even closer attention to our competitors’ products and securing intellectual property rights. Our intellectual property activities help block competitors’ patent applications and ensure greater freedom for us in our product development and our market expansion. (See figure at right)



Utilization

Management

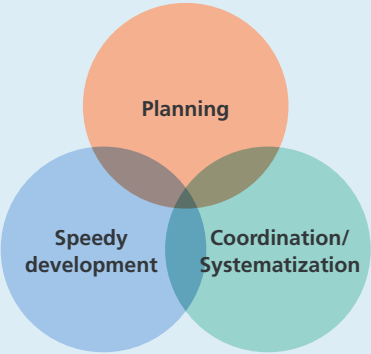
Using Our Intellectual Property Strategies to Increase Our Corporate Value

TAIYO YUDEN reviews and revises its overall intellectual property portfolio based on technological advances and changes in the business environment. We focus on high-value patents to heighten our competitive edge. In addition to clearly defining key themes and concentrating our patent application resources on them, we also create a number of patents which are influential with respect to other companies and markets. We refine the quality of our patent portfolio while improving its strategic effectiveness. Through this process, we do not simply boost our patent numbers, we also select intellectual property that will contribute to our business and we strengthen our intellectual property portfolio.

One issue going forward will be strengthening coordination within the Company. Intellectual property utilization has tended to be highly reliant on individuals, but we are working to systematize this by coordinating with business units, engineering departments, and outside experts such as patent firms. The Intellectual Property Department takes the lead, conducting periodic meetings with business units and engineering departments. At these meetings, they share information regarding the challenges faced in worksites and the future direction of the Company. By doing so, they heighten the effectiveness of our intellectual property strategies.

TAIYO YUDEN's network is an extremely tight-knit one. This enables us to revise our protection of intellectual property rights when the effectiveness of those rights has declined. At the same time, we can flexibly and speedily make decisions and take action, such as concentrating our resources on key fields.

Through this management approach, we aim to ensure the freedom of our product development, build a portfolio of influential intellectual property rights, maximize the value of this portfolio, and sustainably improve our corporate value.



Patent Creation Meetings that Shape the Future of TAIYO YUDEN

TAIYO YUDEN conducts in-house patent co-creation meetings as part of its intellectual property activities. The purpose of these activities is to create the patents that will support our future competitive edge, but we go beyond simple intellectual property management to fuse the creativity of our technical personnel with the strategic acumen of our business departments. Patents are shields that protect our technical strengths, but they are also tools that ensure our business freedom. We are continually implementing initiatives across departmental lines to maintain our future competitiveness.



[Background behind the launch of this initiative]

We launched this initiative because we were concerned by a rapid rise in the number of patent applications submitted by our competitors. TAIYO YUDEN had a tradition of using carefully calculated and well-tuned patents to protect its technologies from large competitors. However, in recent years, this approach was no longer enough. There was a growing need for us to strategically anticipate future technical issues and build a patent network ahead of the competition.

[Status of this initiative]

We launched this initiative in FY2022, and we have held one or two of these meetings every year since then. Technical personnel, Intellectual Property Department engineers, and patent attorneys work together as a team, focusing their efforts on coming up with ideas, conducting technical studies, and pioneering and deeply exploring potential inventions. We’re gradually refining and improving the way we conduct the meetings, but the core concept remains the same: “Think flexibly as you engage in discussions regarding future technical challenges, without allowing yourself to be hemmed in by the parameters of your own research themes.” We assemble teams of technical personnel from different departments, who normally seldom deal with each other in their day-to-day work, bringing together junior personnel and veteran engineers to

broaden the scope of discussions.

[Initiative results]

As a result of this initiative, we’ve been submitting dozens of patents each year. Participants have reported that the meetings have reduced the psychological hurdles involved in creating patents, saying that their ideas developed in new and unexpected directions, and that they enjoyed experiencing breakthroughs.

[Issues]

Deeply delving into invention ideas and bringing them to the patent application stage requires those involved to come together and engage in discussions. This takes both time and effort. Ingenuity must also be applied to the questions used to elicit information from technical personnel. Our goal is to foster even deeper discussions and create even higher quality patents by improving the composition of the cross-departmental teams and strengthening the initiative’s support system.

Engaging in deep deliberations and creating high-quality ideas directly links to our materiality of “strengthening core technologies to make our core business grow.” Predicting the features and quality that will be needed of our products in the future, and creating the structures and technologies necessary to achieve them—those will be the central pillars of our intellectual property strategies through the coming decades.

Interview with the Secretariat



Kaede Nakajima
Patent Creation Activity
Secretariat
Intellectual Property
Department

We want to draw out the creativity of our technical personnel

The concept of these meetings is “think flexibly as you engage in discussions regarding future technical challenges, without allowing yourself to be hemmed in by the parameters of your own research themes.” That’s why we started these meetings, in which we take technical personnel out of their day-to-day operations and pack them all in together. Each year, our approach differs slightly. In some years, the discussions cover everything over the course of a day, while in other years we’ll hold several sessions of group activities and discussions. We decide on what approach to use based on the technical theme and the features of the technical personnel who are taking part. Over the course of holding these meetings, we’ve also gotten a knack for understanding what kinds of approaches work best for which kinds of technical personnel. Participants have told us that the meetings were fun and that they have come to find patents interesting. I get the clear sense that their mentalities have changed as a result of this initiative. One comment that particularly stands out in my memory was from a technical staff member who worked with mass-produced products. They said “I haven’t had the chance to look at our competitors’ products, but this session has provided me with an opportunity to think about them.” This initiative has spread awareness of patent creation methods within business units, and we’ve started seeing them start to adopt these methods of their own accord.

This year, we’re focusing on concentrated discussions on specific themes, instead of using a more holistic approach. We’ll keep working to improve both efficiency and quality, evolving the initiative further to raise the baseline of TAIYO YUDEN's intellectual property strengths.