

Intellectual Property **Right Management** **Manual**

Stipulated by
Legal Division
Walsin Lihwa Corporation

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Chapter 1 About Walsin Lihwa

- A. With commitment to R&D for innovation as well as creation of superiority and higher added values through intellectual property right (IPR) management, Walsin Lihwa Corporation (hereafter referred to as the Company) has decided to adopt the Taiwan Intellectual Property Management System (TIPS) to strengthen its competitiveness in these regards.
- B. Company Profile
- (a) Inception: December 1, 1966
 - (b) Head office: Taipei City
 - (c) Capital: NT\$65,000,000,000
 - (d) Registered business items
 - H701010: Residence and buildings lease construction and development
 - E601010: Electric appliance construction
 - ZZ99999: All business items that are not prohibited or restricted by law, except those that are subject to special approval
- C. Company organization: Please refer to the company organization chart in the appendix.
- D. IPR Management System Structure
- The Company's IPR management system -- primarily based on the ISO 9001 Quality Management System -- focuses on the IPR-related systems not specified by the ISO9001 to reinforce the standards of such systems. However, the ISO 9001 standards will govern if the Company's IPR standards are already present in the ISO 9001 standards. The management system primarily follows the Plan-Do-Check-Action procedures:
- Plan: IPR management policy, objectives, and related procedures development
- (a) Do: IPR management system implementation
 - (b) Check: Results of IPR management policy implementation, relevant objectives and requirements achieved, and findings from supervision and assessment reported to the management for review
 - (c) Action: Rectification and preventive measures to be taken for ongoing IPR management system improvement
- Appendix: TIPS Accountability and Regulations
- E. Objectives of the Company's IPR management system
- (a) Strengthen employees' IPR awareness, protect the Company's IPR outputs, improve R&D efficiency, and combine business objectives and visions to enable strategic IPR utilization for production
 - (b) Demonstrate the Company's IPR strengths, make good use of such strengths to create business achievements, establish the Company's IPR management system to
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protect the Company interests and rights while preventing infringement upon others' rights

- F. Demonstrate the Company's IPR strengths, create IPR-based products and services, as well as protect the Company's rights and prevent infringement upon others' rights by effective IPR management system implementation

The Company is committed to new technology R&D and hopes to encourage IPR applications, protect the Company's rights, and prevent infringement upon others' rights through sound IPR management. The Company is committed to the following:

- (a) R&D for technology innovation and competitiveness enhancement
 - (b) Protection of the Company's trademark rights and brand image
 - (c) Reinforcement of classified document management
 - (d) Cultivation of employees' IPR awareness to effectively carry out IPR management
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Chapter 2 Scope of Applicability

- A. Applicability of the Company's IPR management system:
- (a) Applicable units: The whole company
 - (b) Objects: The Company's trademarks, patent rights, copyrights, and trade secrets
 - (c) Compatibility with the ISO 9001 standards: The Company's IPR standards remain applicable if they are already present in the ISO 9001 standards and the Company's IPR management system serves only to adequately reinforce the ISO 9001 standards and strengthen their compliance.
- B. Exception: Integrated circuits, which are not produced by the Company's core businesses
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Chapter 3 Reference

The Company's IPR management system is developed based on the ISO 9001 structure to meet basic IPR management requirements.

Chapter 4 Terms and Definitions

- A. Relevant laws and regulations promulgated by the government shall be consulted for the definitions of the patents, trademarks, copyrights, and trade secrets as referred to in the Company's IPR management documents.
- B. The IPR herein refers to the IPR including patents and trademarks among others protected by law and may not be used by others.
- C. The suppliers herein refer to the businesses providing goods and/or services to the Company/.
- D. The customers herein refer to the individuals or businesses who buy goods and/or services from the Company.
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- E. The TIPS (Taiwan Intellectual Property System) herein refers to the Company's IPR management system.
 - F. The ISO referred to herein includes both the TIPS and IPR, e.g., ISO regular meetings are equivalent to ISO and TIPS regular meetings.
 - G. The outsourced companies herein refer to the businesses receiving assignments from the Company pursuant to designated procedures.
 - H. The person in charge of the IPR management system referred to herein is a senior executive appointed by the Company's top management as the representative to implement the TIPS.
 - I. The top management level referred to herein includes the Company's President and President's Office.
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Chapter 5 Organization Environment

A. Internal and external issues

The following shall be processed:

- (a) Attentiveness to organizational goals and the internal and external issues relevant to such goals
- (b) Assessment of the aforementioned issues' impacts on the expected results of IPR management system implementation

B. Stakeholders

The organization shall decide the stakeholders relevant to its IPR management system as well as pay attention to and assess the stakeholders' requirements and/or expectations for the IPR management system.

➤ Appendix: Stakeholder, Internal and External Issue, Policy, and Objective Assessment

Chapter 6 Responsibilities of Management

A. Management's commitment

The top management shall demonstrate the leadership of and commitment to the IPR management system by carrying out the following:

- (a) Engage in IPR management policy, objective, and system development relevant to organization management strategies
 - (b) Ensure the IPR policy is communicated, understood, and implemented throughout the organization
 - (c) Communicate the importance of effective IPR management and relevant compliance requirements
 - (d) Ensure the IPR management system has been integrated into organization operation processes
 - (e) Strengthen process management effectiveness and risk responsiveness
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- (f) Ensure adequate resources are available to the IPR management system
 - (g) Ensure the IPR management system can achieve the expected results
 - (h) Provide coordination, instruction, and support to employees for them to contribute to the effectiveness of the IPR management system
 - (i) Reinforce ongoing improvement
 - (j) Support other relevant management levels
 - (k) Ensure accountability for IPR management results
- B. IPR management policy
- (a) The top management shall establish, implement, and maintain the IPR management policy to meet the following requirements:
 - 1. Factor in internal and external issues as well as stakeholders
 - 2. Ensure suitability for the organization scale, activities, and the nature of products or services
 - 3. Ensure compliance with relevant laws and regulations as well as other requirements for the organization
 - 4. Establish and examine IPR management objectives
 - 5. Commit to ongoing improvement of the IPR management system
 - (b) The IPR management policy shall:
 - 1. Implement mandatory documentation for information security management
 - 2. Be communicated, understood, and utilized throughout the organization
 - 3. Be available to stakeholders when appropriate
- Appendix: Stakeholder, Internal and External Issue, Policy, and Objective Assessment
- C. Objectives planning
- (a) The top management shall establish the IPR management objectives that meet the following requirements:
 - 1. Compliance with relevant current laws and regulations
 - 2. Support for the organization's IPR management policy
 - 3. Relevance to the accomplishment of the organization's management objectives
 - 4. Achievability assessment
 - 5. Conveyance of documented information throughout the organization
 - 6. Under supervision
 - 7. Timely updates
 - (b) The top management shall ensure the following requirements are met to accomplish the objectives of the IPR management system:
 - 1. Tasks to be implemented
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2. Resources required
 3. Accountable personnel
 4. Deadlines
 5. Result assessment methods
- D. Accountability and Communication
- (a) The top management shall ensure clearly defined accountability for IPR management, and ensure relevant organization members are well informed of such accountability.
 - (b) The top management for the IPR management system shall be the Company's President, and the General Counsel of the Company is the designated representative in charge of the IPR management system and responsible for:
 1. Ensuring the awareness of the IPR management policy and its objectives throughout the organization
 2. Ensuring the procedures required for the IPR management system is established, implemented, and maintained
 3. Ensuring the realization and expected results of the aforementioned procedures
 4. Reporting the results of the IPR management system as well as room for improvement to the top management
 5. Ensuring the completeness and consistency of the IPR management system when planning or altering the system
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Chapter 7 System Planning

- A. Basic requirements
- (a) The organization shall establish, implement, and maintain its IPR management system based on the organization scale, type, and requirements of basic standards for ongoing effectiveness improvement. To this end, the organization shall at least:
 1. Ensure the top management's stipulation of the IPR management policy and objective as well as maintenance of the system
 2. Ensure the documents established meet relevant document management requirements
 3. Decide what should be included into the IPR management system, including relevant people, events, objects, and IPR categories
 4. Plan and implement the procedures required for IPR acquisition, protection, maintenance, and utilization
 5. Designate the personnel responsible for the aforementioned procedures
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6. Ensure availability of the resources required for effective operation of the IPR management system
 7. Plan and implement proper measures based on the risks and opportunities identified
 8. Supervise, analyze, and assess the results of IPR management
 9. Review and improve the aforementioned items on a regular basis
- (b) The organization shall maintain documented information to the extent necessary to support the operation of processes and retain documented information to the extent necessary to have confidence that the processes are being carried out as planned.
- B. Responsiveness to risks and opportunities
- (a) The IPR management system planning shall:
1. Factor in internal and external issues as well as stakeholders' needs and expectations
 2. Decide the risks and opportunities to be addressed
 3. Devise the process adequate for the following purposes:
 - (1) Realization of the expected results of IPR management
 - (2) Prevention or reduction of unexpected impacts
 - (3) Realization of ongoing improvement
- (b) The organization shall assess whether its IPR management process should be adjusted when the following risks and opportunities become likely:
1. IPR-related law changes
 2. New technologies, new products, and/or new business operations being planned
 3. Emerging trends of new products and/or technologies
 4. New technology standards being planned or announced
- C. Changes of planning
- (a) The organization shall decide whether the IPR management system needs to be changed, and any change shall be well planned and systematically implemented.
- (b) The organization shall factor in:
1. Purposes of changing and potential impacts
 2. Completeness of the IPR management system
 3. Usability of resources
 4. Designated duties and limits of authority or re-designation

Chapter 8 Support**A. Resources****(a) Basic requirements**

The organization shall decide and provide the resources required for implementation and maintenance of its IPR management system to continue improving the system effectiveness.

(b) Human resources

The organization shall provide necessary human resources to ensure the effective operation of its IPR management system and accomplishment of IPR management objectives.

(c) Infrastructures and services

The organization shall decide, manage, provide, maintain, and continue improving the infrastructures and services required for IPR management processes.

(d) Organization knowledge

1. The organization shall decide the knowledge required for its IPR management system and shall keep such knowledge to make it readily available when needed.
2. The organization shall factor in its existing knowledge base and decide how to acquire or utilize necessary extra knowledge to cope with changes and trends.

B. Capabilities**(a) Basic requirements**

The organization shall:

1. Ensure relevant personnel are aware of the relevance between their duties and IPR management objectives
2. Decide relevant personnel's capabilities required for IPR management
3. Take measures to acquire the aforementioned capabilities.
4. Assess the effectiveness of measures taken
5. Keep record of education and training as well as other relevant measures taken

(b) Basic education and training

The organization shall provide necessary education and training on IPR to the employees relevant to the effectiveness of IPR management, and such education and training shall include:

1. Basic IPR concepts
2. The organization's IPR management policy, objectives, and relevant requirements

C. Education and training of accountable personnel

The organization shall decide the capabilities required for the personnel accountable for IPR management to provide necessary education and training to them.

D. Communication

(a) Communication channels

The organization shall establish internal and external communication channels for its IPR management system to enable timely conveyance of information.

(b) IPR counseling

The organization shall ensure the following requirements are met through its communication channels:

1. Factor in legal risks prior to decision-making or implementation
2. Warrant or perform the organization's legal rights and obligations adequately

E. Documented Information

(a) Items of documentation

(b) The organization's IPR management system shall document the following:

1. The information to be documented as required herein
2. The information to be documented as required by the organization
3. The aforementioned information to be documented including:
 - (1) The IPR management policy and its objectives
 - (2) The IPR management system overview, including the scope of applicability, accountability and division of labor, documented information on the IPR management system, and relevance between management processes
 - (3) Operating procedures, including stipulation and updates. document control, internal auditing, and rectification measures
 - (4) Implementation logs, including relevant records of education and training, preparatory actions, R&D, contract reviews, inventory classification and updates, maintenance assessment, internal auditing, management reviews, and rectification measures

(c) Stipulation and updates

The organization shall ensure the following when establishing and updating documented information:

1. Identification and description such as titles, dates, authors, and/or index numbers
 2. Formats such as languages, software versions, and graphics, as well as media such as paper and electronic files
 3. Review and approval
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(d) Document control

The organization shall take proper measures to ensure its IPR management system's requirements for documented information as well as what is required herein:

1. Ready availability and utilization of valid versions
 2. An adequate archive to protect confidentiality from being compromised or becoming incomplete resulting from misuses
 3. Identifiable classification of confidentiality with confidentiality measures taken
 4. Identification and control of the external documents related to IPR and relevant implementation logs to ensure document completeness and accessibility with clearly defined archival methods and periods
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Chapter 9 IPR Acquisition, Protection, Maintenance, and Utilization

A. Acquisition

(a) Preparatory actions

Prior to R&D, the organization shall:

1. Understand the requisite elements for IPR acquisition
2. Decide the necessary measures for IPR acquisition
3. Analyze competitors as well as the number of their IPR, related technologies, and trends of changes in these regards when necessary
4. Research and analyze relevant IPR information based on the nature of patents in question when there is any infringement concern, take responsive measures, and keep record of the measures taken

(b) R&D record-keeping

The organization shall keep detailed record of R&D processes, including at least identifiable R&D personnel, time, and contents

(c) Result reviews

The organization shall: :

1. Confirm whether R&D results meet planned objectives
2. Announce R&D results only after they are reviewed and approved

(d) Right claiming

The organization shall follow its IPR management policy and objectives to stipulate its IPR acquisition proposal, how to review the proposal, and the IPR acquisition process while timely providing incentives.

B. Protection

(a) Outsourcing and procurement management

1. When the organization outsources its R&D and IPR management, it shall:
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- (1) Develop process management
 - (2) Sign confidentiality agreements on the ownership of relevant IPR and review contracts as required herein
 - (3) Stipulate requirements for the quality of external suppliers and criteria for selecting external suppliers when necessary
2. The organization shall take responsive measures to address the IPR risks resulting from product procurement's infringement upon others' IPR, and may require external suppliers' IPR management systems to comply with what is required herein when necessary.
 3. The organization shall communicate the following requirements with its external suppliers:
 - (1) Output processes of their products and/or services
 - (2) Capabilities of suppliers' workers. including qualification requirements
 - (3) Relevance with the organization's IPR management system
 - (4) The organization's management and review of external suppliers' performances
- (b) Confidentiality management
1. The organization shall establish and maintain adequate confidentiality control procedures to include:
 - (1) Personnel control: Define the personnel with access to the organization's classified information and set up different levels of access to classified information
 - (2) Equipment control: Control the users of the equipment vulnerable to classified and/or important document leaks, objectives and methods of their usage, and circulation of related information
 - (3) Classified document control: Set up the levels of confidentiality, confidentiality periods, as well as transmission, archive, and destroy procedures of the documents relevant to the organization's IPR
 - (4) Environment and facility control: Control the facilities with access to classified documents to define controlled areas and control measures, including entrance and exit control as well as designated areas for customers and visitors
 2. The organization shall sign work contracts or employment contracts with employees to specify IPR ownership and confidentiality requirements, and include non-competition restrictions when necessary.
 3. The organization shall understand new employees' existing IPR obligations to
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prevent infringement upon others' IPR.

4. The organization shall remind departing employees of relevant IPR requirements, conduct interviews with the departing employees with involvement in important IPR matters at the organization, and ask them to sign consensual termination agreements when necessary to agree upon specific IPR ownership, specific confidentiality requirements, and non-competition restrictions.
5. If former employees join competitors to engage in same or similar practices, the organization may remind them again of their obligations and also inform their employers of such employees' obligations when necessary.

(c) Contract reviews

For the contracts relevant to IPR acquisition, protection, maintenance, and utilization, the organization shall ensure the following is subject to review and keep record of what is reviewed:

1. Reasonable protection of the organization's necessary interests and rights
2. Specific agreements on the obligations and rights of the parties concerned
3. Categorically defined confidentiality obligations
4. Specific agreements on IPR ownership

(d) Dispute resolution

The organization shall establish IPR dispute resolution mechanisms to prevent or alleviate disputes' damages to the organization and ensure sufficient information and assistance are available to the top management prior to decision-making. The mechanisms shall also include the measures to resolve known infringement issues.

C. Maintenance

(a) Inventory classification

The organization shall classify the IPR it owns, establish its IPR inventory or databank, implement updates on a regular basis, and keep record of the updates.

(b) Assessment of maintenance

1. For the duration of any IPR that can only be extended through certain due legal procedures, the organization shall -- before the duration expires -- factor in the nature of different rights to assess the benefits of maintenance of IPR, decide whether such maintenance should continue, and keep record accordingly.
2. The required procedures for duration extension shall be abided by when IPR maintenance is decided.

D. Utilization

The organization may assess IPR values, gather and analyze intelligence on external

IPR, and engage in the following:

- (a) Market competition strategy development
 - (b) IPR commercialization such as authorization, technology transfers, and conveyance
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Chapter 10 Performance Assessment

A. Supervision, assessment, and analysis

(a) Basic requirements

The organization shall supervise, assess, analyze, and improve the process of its IPR management system to ensure the system meets the organization's expected results while continuing improving the system performance.

(b) Process supervision and assessment

The organization shall properly supervise and assess the process of its IPR management system.

(c) Data analysis

1. Assessment of improvement

The organization shall decide, gather, and analyze the data generated by its IPR management system to understand the system applicability and effectiveness to assess the room for ongoing improvement.

2. Result assessment

The aforementioned data analysis shall provide the following:

- (1) The IPR management system's effectiveness
- (2) The IPR management system's conformity with what is required herein
- (3) Compliance with the latest laws and regulations relevant to IPR
- (4) The number of IPR owned by the organization as well as trends of changes
- (5) IPR assessment for new product development planning

B. Internal auditing

(a) The organization shall implement internal auditing in planned periods to understand whether its IPR management system meets the following requirements:

- 1. Conformity with what is required herein
- 2. Conformity with the organization's IPR management policy and objectives
- 3. Effective implementation and maintenance

(b) The organization shall factor in the status and importance of its audit process and scope as well as previous audit results for audit planning to decide its audit criteria, scope, frequency, and method:

- 1. Ensure fairness of audit processes and objectivity of audit results
 - 2. Ensure relevant management levels are informed of audit results
 - 3. Take proper and timely corrective and rectification measures
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4. Maintain documented information as evidence of audit implementation and audit results
- C. Management reviews
- (a) The top management shall review the IPR management system on a regular basis to ensure the system maintains its adequacy, completeness, and effectiveness. Planning and implementation of the management reviews shall factor in:
 1. The status quo of the measures taken by previous management reviews
 2. The management system planning and changes, including establishment of the IPR policy and objectives, development strategies, as well as internal and external issue changes
 3. The management system implementation results, including to which extent the management objectives are achieved, the status of the organization's IPR ownership, internal audit results, and the status of implementation of major rectification measures
 4. Effectiveness of the responsive measures addressing risks and opportunities
 5. Opportunities for ongoing improvement
 - (b) Management review results
 1. Management review results shall include relevant decisions and measures:
 - (1) The IPR risks and opportunities facing the organization
 - (2) Any necessary change to the management system
 - (3) The support required for improvement measures
 2. The organization shall keep documented information as evidence of its management review results
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Chapter 11 Improvement

- A. Basic requirements
- The organization shall decide and select the opportunities for improvement and take necessary measures to conform with the IPR management policy and its objectives to strengthen IPR management effectiveness.
- B. Rectification measures
- (a) In the event of any nonconformity, the organization shall:
 1. Take proper rectification measures to address nonconformity issues whenever possible
 2. Inspect and identify the causes of nonconformities, similarities to nonconformities, or possible nonconformities
 3. Implement any necessary cause elimination measures
 4. Review the effectiveness of all the measures taken
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5. Change or modify the IPR management system when necessary
 - (b) Rectification measures shall be proportional to nonconformity impacts.
 - (c) The organization shall keep documented information as evidence to include:
 1. The nature of nonconformities and any subsequent measures taken
 2. The results of any subsequent measures taken
 - C. Ongoing improvement
 - (a) The organization shall continue improving the appropriateness, completeness, and effectiveness of its IPR management system.
 - (b) The organization shall properly identify whether its IPR management system is effective or not and whether the system should be subject to ongoing improvement.
 - (c) The organization shall use proper methods and tools to understand the root causes of ineffectiveness of its IPR management system to implement ongoing improvement.
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Appendix

