

Consumer Electronics

Sony Corporation leads the industry, with FUJIFILM Holdings Corporation and Matsushita Electric Industrial remaining in the top three spots

There have been changes within the top 10 – Hitachi fell five places to 14th and International Game Technology (IGT) climbed three spots to eighth. Seven of the top 10 are multi-industry companies, four of which are conglomerates. Pioneer, IGT and Thomson are the pure-play companies.

This industry includes companies involved in the manufacture of electronic devices

geared toward consumers, including audio & video products, gaming systems, watches, speakers, and musical instruments. The industry is comprised of 55 companies, 33% of which have patents in more than one industry, and 10 conglomerates. This industry has close ties to both Information Technology and Semiconductors. It's not surprising that five of the top 10 companies are represented in at least one of these industries. The industry as a whole has seen a 10% decline in patenting activity, and only 29% of the companies have an Industry Impact™ above the average.

Parallel to the industry movement, most

of the top 10 have seen a decline in patenting this past year. The exceptions are FUJIFILM, who has a current focus in the imaging field, and Samsung who has accomplished many firsts in innovation in the past few years, saw a 7% and 17% increase in patenting respectively. Most of the top 10 in this industry hover around average Industry Impact™, which measures the degree of influence a company has on its industry. This is indicative of a maturing industry with few technology breakthroughs emerging. However, IGT has the highest Industry Impact™, nearly 3 times that of the industry.

Sony takes the top spot in Science Strength™, an index to measure the closeness to core science. FUJIFILM and Philips also have strong Science Strength™ scores. Research Intensity™ measures a company's level of fundamental research and compares it within their industry. Philips has the strongest score driven by frequent references IEEE research content. Thomson and Sony have above average Research Intensity™ scores, while some of the highest scores within the industry come from sound system companies – NXT and Bose, as well as video game companies – Sega and Nintendo.

Figure 1. Research Intensity™

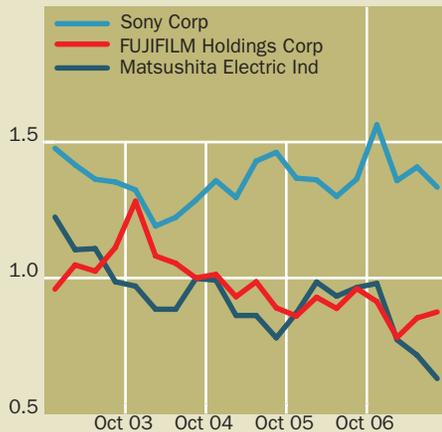


Figure 2. Patent Growth

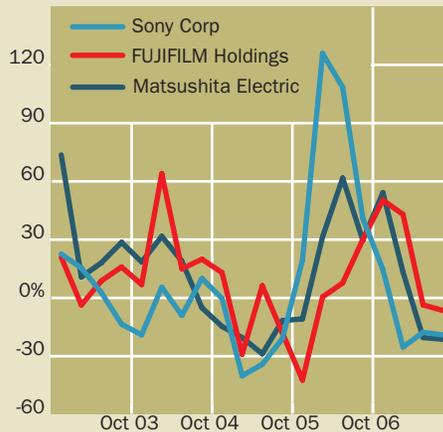


Figure 1. Among the top 3, Sony is the only one that continually has a Research Intensity above the industry, peaking in October of 2006. FUJIFILM appears to be on the up rise, while Matsushita is further declining.

Figure 2. The top 3 companies are showing similar patenting trends until October of 2005 where Sony's patent growth doubles compared to FUJIFILM and Matsushita.

Ranking & Movement	Technology Strength™	Company / Concern	Patent Count	Science Strength™	Industry Impact™	Research Intensity™	
Nov 2007	Nov 2006	Nov 2007	Nov 2007	0	0.5 1 1.5 2 2.5 3 3.5	0	
1	1	1517.6	Sony Corp	1400	1K 2K	0.5 1 1.5 2 2.5 3 3.5	0 0.5 1 1.5 2 2.5
2	2	867.1	FUJIFILM Holdings Corp	1150			
3	3	468.3	Matsushita Electric Industrial	466			
4	▲ 8	342.9	Samsung Group	395			
5	▼ 4	293.7	Philips Electronics NV	274			
6	6	273.1	Pioneer Corp	281			
7	▼ 5	250.9	LG Electronics Co Ltd	306			
8	▲ 11	225	International Game Tech	86			
9	▼ 7	222.1	Canon Inc	225			
10	10	184.3	Thomson SA	227			

Compiled with data through November 1, 2007

■ 1 Year Value ■ 5 Year Average Industry Impact & Research Intensity industry average is 1.

International Game Technology

For over three decades, International Game Technology (IGT) has established itself as one of the most recognised slot-machine and video gaming machine company, garnering approximately two-thirds of the market and moving into the top 10 in the Patent Board's Consumer Electronics Scorecard this year

IGT began as A-1 Supply in 1975, changing its name into International Game Technology five years later and subsequently going public. In the late 1980's they introduced the concept of progressive gaming and jackpots which continues to be popular today. IGT has aggressively and successfully enforced their patented technology. While there are no direct competitors to IGT in the top 10, there are five close competitors present in the November Scorecard comprising WMS Industries, Bally Technologies, Progressive Gaming, Konami and Aruze, of which IGT has a lead over next highest ranked WMS Industries by 21 spots.

IGT's patent portfolio boasts a total of 687 active issued patents and 821 pending published applications from within the USPTO.

While they have been an active company for decades, the past decade has seen the largest increase in patent activity, totaling just over 13 times that of all their patents held pre 1997. Although they have had numerous acquisitions over the years, 75% of all their patents are internally developed. By sheer volume of patents, IGT shows its commitment to R&D over the other competitors who have an average of 190 active issued patents and 240.5 applications. Second to IGT, Konami has the most active issued patents at 430 and WMS Industries holding the highest number of applications at 324.

This sub-industry has the strongest Industry Impact™ within Consumer Electronics, with 4 of the top 6 scores belonging to companies in this group. IGT has the highest score of 2.65, followed closely by WMS Industries at 2.56 and not too far behind sits Progressive Gaming with a score of 2.18 and Bally Technologies at 1.98. This sub-industry as a whole has seen a decrease in the past year as well as compared to their 5 year averages, with Aruze having the largest drop over last year at 63%. So while this is still an influential patenting area, it may have matured. IGT is a dominate player and patentee in this area and while they have a high degree of self-citations (~75%), they are

also cited not only by every other major or minor competitor in this space, they are innovating in areas which is commanding attention from close to 60 unique companies.

On the horizon

Clearly IGT has successfully built a strong patent portfolio and when combined with the size of their applications this portfolio will continue to grow. With the current economic woes and the growth of gaming locations, it is likely that the market for their technology will also grow. It seems that IGT will be in the top 10 of Consumer Electronics for the foreseeable future.

Scorecard rankings

Consumer Electronics Scorecard	8
Patent Board 500 position	186

Figure 1. International Game Technology Portfolio Distribution

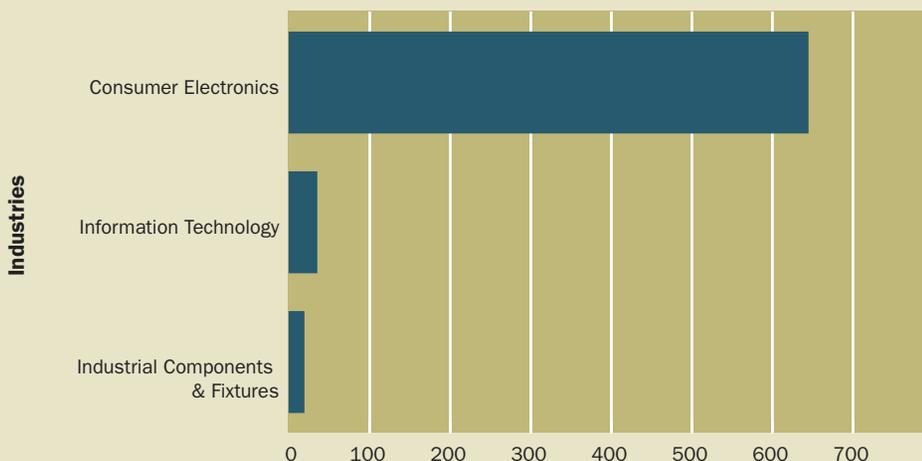


Figure 1. IGT has a highly focused patent set with 92.5% in the Consumer Electronics industry. They also have patents pertaining to programming as well as patents covering the mechanisms concerning the coin handling portion of their slot machines.

Figure 2. IGT had a sharp upswing from 2000 to 2004 in both their issued patents as well as pending published applications, with a slight decline the past few years.

Figure 2. Historical US Patenting Activity

