

# Fighting for a space in the C-suite

As intellectual property continues to grow as a critical business asset, so too must the prominence and visibility of those who manage it. A panel of leading IP professionals consider what is required to put the chief intellectual property officer in the C-suite

By **Sara-Jayne Adams**

The positioning of the IP function within a company contributes greatly to how it is perceived. Attaching a C to IP clearly suggests that intellectual property is gaining in recognition inside a business as a means of creating and realising value, and provides the individual managing a company's portfolio with the necessary authority to exploit it fully.

However, the role of chief intellectual property officer (CIPO) still faces internal resistance and is yet to take off outside a select band of what are generally large, multinational corporations. Part of the reluctance to embrace the CIPO role comes from the nature of intangibles themselves. A lack of education relating to the methods and benefits of extracting value from intellectual property means there is concern that too much time and money will be invested on something with returns that often take quite some time to realise. Resistance to the CIPO role can also arise from business units fearing a loss of control. Whether it's the legal department and patenting or the research department and R&D, there is often an unwillingness to relinquish power over what they see as their jurisdiction.

Successful CIPOs must have the resilience and determination to overcome these challenges. They must strive to build strong relationships and credibility in order to secure the internal resources – manpower and money – they need to develop and manage IP. Crucially, they must have the skills to convince their peers of the benefits their role brings by consistently demonstrating measureable success.

In order to see what those in the IP business community have to say about the CIPO, *IAM* asked some key players to give us their views and, in particular, to consider the following:

- What do you understand by the term chief intellectual property officer?
- What qualities should a CIPO possess?
- What is the ideal background for a CIPO?
- Why do you think that some people struggle to see why the role of CIPO is important? And how do you overcome any internal resistance to the role?
- Where, in levels of seniority, should a CIPO sit?
- How do you see the role of the CIPO evolving?

As you will see, responses vary dramatically in parts, but where there is consensus is that a CIPO requires sound backing from the most senior levels; and that they must provide strong, focused leadership if they are going to succeed in forging a place for themselves in the C-suite.

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**Joe Beyers**, Vice President, Intellectual Property Licensing, Hewlett-Packard

A CIPO has primary responsibility for driving the IP strategy of a company that may have objectives ranging from freedom of action and the defensive use of its intellectual property, to the monetisation and offensive action of its rights.

In order to succeed in this role, a CIPO should be able to identify and integrate the short and long-term implications of an IP action. He or she should possess the drive and the passion to get things done despite

internal and external obstacles. Lastly, a CIPO should have the creativity and initiative to develop new models that enhance the value of a company through its intellectual assets.

The best CIPO candidate would have a diverse background as this work is very complex and high risk, so there is little opportunity to develop the necessary skills on the job. I believe that this person should have experience in strategic planning and technology development, and a strong understanding – either through direct or indirect engagement – of legal principles, finance and business management.

A challenge for any company introducing this type of function is that the line management could perceive that they are losing control of the company's IP decisions. I believe that a CIPO should report either to the CEO or to the chief strategy officer, where one exists in a company. A CIPO reporting directly to the board could put the function at odds with the CEO and the executive line management of the company. That said, I feel that strong support from the board and the CEO, as well as one or two years of runway for a competent CIPO and staff to prove themselves, will help mitigate any resistance to the role.

The concept of a CIPO is still relatively new and has only started to emerge in earnest in the past three to five years. Several large companies, including HP, have created such a model, and the trend to adopt it appears to be accelerating. In the



**Joe Beyers**  
Vice President, Intellectual Property  
Licensing, Hewlett-Packard

## Bill Elkington

Senior Director, Strategic Technology,  
Rockwell Collins

I believe that chief intellectual property officer is a term with an agenda, the specifics of which vary depending on who is doing the talking. In my view, a CIPO should at least:

- Chair the company's strategic intellectual property council.
- Manage all out-of-market licensing.
- Consult on valuation and deal structure for strategic in-market in-licensing and out-licensing.
- Support the business units in development and implementation of IP strategies that support the product or market strategies.
- Provide IP assessments and recommendations on M&A deals.

It is important for a CIPO to have a background that provides him or her with the qualities required to successfully fulfil this role. The CIPO will need knowledge from the fields of law, business operations, finance, technology and more. But formal education in any of these fields, or any two or three of them, really does not do the job. What does do the job is the quality of the CIPO's mind and his or her ability to work effectively with others.

A successful CIPO will have a mind that has a good deal of strategic torque and is unusually eclectic and synthetic. An excellent CIPO will reason easily with product and market, technology, legal, contractual and financial concepts, and will be substantially creative. A CIPO should be a leader and a consensus builder. And, finally, a CIPO should be an innovator. Frankly, I'd just as soon hire someone with an advanced degree in linguistics or music theory or philosophy, as someone with a degree in law or finance or engineering, for the position of CIPO – as long as he or she has the right quality of mind and personality.

There are still, unfortunately, some people who do not grasp the full importance of the CIPO role. The primary reason for this is that many companies' cultures are first and foremost orientated around products and customers. In such companies, intellectual property management is often a secondary consideration in much of what people do; so it seems counterintuitive that IP in itself should be the focus of a C-level function. Secondly, people are always invested in maintaining the *status quo*.

Change is often uncomfortable, unpredictable and messy. And finally, business schools don't teach the management of IP. Because of this, people struggle to see its importance.

How to overcome this inertia is an interesting question. The most effective way is with reality. As what I call "IP reality" begins to inflict itself on the corporation, the aspiring CIPO should provide the kind of leadership you would expect from a titled CIPO. If an aspiring CIPO isn't at hand, then those who recognise the lack of one should use the harm inflicted by IP reality as the occasion for putting some ideas out there for consideration – ideas concerning the centrality of IP to the company's business processes and continued business success.

I think that a CIPO reporting to the CEO, in the right sort of company with the right sort of culture, can make a great deal of sense; certainly much more sense than reporting directly to the board. However, in companies that are not quite as far along in their IP thinking, reporting to the VP of corporate development (who in turn reports to the CEO) is also appropriate and eminently workable. This reporting relationship can be quite effective and handy in the sense that M&A activity and some of the strategic work are right there under the same roof. And the micro-culture is right, too. It is a deal and strategy-making, financially sophisticated micro-culture, where IP management can fit right in.

In my view it's necessary for the role of CIPO to become more prevalent in the coming years. I've worked in a few S&P 500 companies, along with one start-up, and I've seen the issues first-hand. Product development and strategy, collaborative development, getting access to early-stage technology, subcontracting and contracting in such a way that the company optimises its IP value and differentiation in the market can all be improved with the introduction of a CIPO. Significant improvements in all these areas can be realised by corporations developing a cadre of skilled and knowledgeable people using processes and tools that are focused on IP management as a discipline. Pulling together this new discipline and placing it properly in the functioning of the technology-driven or IP-driven corporation is what we're all struggling with in one way or another. I say struggling because, without formal degree programmes in this area at first-rate universities, we are forced to make this up as we go along.



**Bill Elkington**  
Senior Director, Strategic Technology,  
Rockwell Collins

future I see this model moving beyond that of the large corporations to reach those mid-tier companies that truly recognise IP as a critical business asset.

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**Scott Frank, President & CEO, AT&T Intellectual Property**

It is important that a CIPO is a strategic thinker with the ability to build relationships in an organisation. Identifying opportunities, seeking innovative solutions to opportunities and possessing strong leadership skills are also very important qualities. An ideal CIPO would have extensive experience in intellectual property business and law, as well as a solid background in his or her company's specific industry. Ultimately, an effective CIPO must be able to develop an IP strategy appropriate for the company for which he or she work, implement it by building strong relationships across different business units, develop innovative solutions to challenges along the way and lead the company to IP excellence.

In order to ensure maximum visibility into the IP opportunities and issues of the entire enterprise, and to access other high-level executives, it is vital that a CIPO has a senior role within the company; although in my view it is not necessary for the CIPO to report directly to the board. In order to overcome any internal resistance, the CIPO needs to work closely with senior management and employees on a

continuous basis, have measurable recurring successes, develop innovative solutions, be willing to educate consistently and, to an extent, have a degree of patience.

Unfortunately, some people struggle to understand the role of the CIPO due to a lack of IP knowledge. Colleges don't place much focus on intellectual property, and the issue is relatively new and not seen as a top priority in many industries. However, as IP continues to have an increasingly prominent role in business, it will become much more critical to a company's success and, with that, I expect the role of the CIPO to become more mainstream.

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**Bertram Huber, Senior Vice President and Head of Corporate Intellectual Property, Robert Bosch GmbH**

A chief intellectual property officer is, of course, in charge of all intellectual property issues in a company, such as patents, trademarks, copyrights etc, and the licensing of both IP rights and know-how. But the role is much more than that. Importantly, the CIPO function does not end with the rendering of services to the business units: it requires an understanding of, and insight into, the specific requirements of each of those units. As well as this, good internal, external and cross-cultural communication skills are also most definitely required. Thus, it clearly is an entrepreneurial function.

In my view, the formal educational background of a CIPO is not a decisive element when assessing his or her suitability for the position. Practical knowledge in the fields of finance, law, business operations and technology is necessary and, when it comes to large departments and organisations, skills in personnel matters are useful too.

For a CIPO to be taken seriously, it is important that he or she reports at a senior level: ideally, directly to the board. Although it is still quite rare, a few companies have even gone so far as to position the CIPO as a member of the board. Unfortunately, however, the value and importance of intellectual property are still not recognised everywhere. Many companies wait until they have endured expensive, potentially bankrupting, litigation before they discover the relevance of intellectual property to their enterprise.

In the case of Bosch, innovations and inventions have played a primary role from the founding of the company in 1886. This is highlighted not only by the fact that Bosch is among the biggest patent applicants



**Scott Frank**  
President & CEO, AT&T Intellectual Property



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## Masanobu Katoh

Corporate Vice President and President,  
Law & Intellectual Property Unit, Fujitsu Ltd

For me, a chief intellectual property officer should be in charge of a broad range of intellectual property matters for a company, and be senior enough to make high-level policy decisions. I would like to emphasise that IP matters include not only patent-related issues but also copyright, trademarks, trade secrets and other proprietary rights. In particular, trade secrets – such as know-how and business data – are becoming companies' most important assets and a CIPO should create a comprehensive programme protecting such valuable information.

Unfortunately, the role a CIPO plays within a corporation is still not appreciated by many people as they do not witness the importance of IP rights in their daily business activities. Until they experience a major problem, such as a threat of injunction or a large monetary compensation based on infringement, from the non-IP executive's point of view intellectual property matters are not directly related to their business

operations. In order to make the entire corporation aware of the importance of IP rights, a CIPO should educate his or her colleagues on a regular basis.

In order to establish this process of company-wide IP education, it is crucial that a CIPO is positioned at a senior level so that he or she can work closely with the top management of the company: although I don't feel that it is strictly necessary for a CIPO to report directly to the board. What is essential, however, is that the CIPO needs to be able to communicate and persuade the top management to support the cause.

Other than good communication skills, it is vital that a CIPO should at least possess the following qualities:

- An extensive knowledge of all aspects of IP law.
- An understanding of the technologies relevant to the particular industry in which he or she works.
- An understanding of the company's business strategies.

- The ability to make policy decisions.

The ideal background for a CIPO really depends on the size of the company to which they belong. For large and/or technology-based corporations, those with a background in law and technology (ie, an IP lawyer) may be the best fit as such corporations are frequently confronted with many complicated legal and technical issues. Skills in high-level management are not, in my opinion, a necessity, as they can be acquired while in the role. On the other hand, smaller companies may not require too much technical or legal expertise and thus an individual with high-level management skills may be a good start.

The concept of the CIPO is still relatively new in Japan, as it is in many other countries outside the US and Europe. However, I am confident that more and more companies will appoint CIPOs in the near future, and that the role and responsibilities of the CIPO will continue to grow.

worldwide, but also that the Bosch IP department will celebrate its 100th birthday in early 2009. Still, we recognise the need to continue to pursue greater IP awareness and in recent years we have put in place a number of internal programmes and events for all management and associate levels to enhance their understanding of the importance of IP.

Generally, awareness of the integral part intellectual property plays in business continues to increase. With more focus on the function of IP, I expect that more emphasis will be put on organising it comprehensively and we shall see it being moved away from scattered functions taken care of in various departments. With this, I expect the function of CIPO will be adopted by an increasing number of enterprises.



**Masanobu Katoh**  
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**Damon C Matteo**  
Vice President and CIPO,  
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**Damon C Matteo**, Vice President and CIPO,  
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Although clearly the art and artefact of principal concern to a CIPO is intellectual property, like any C-level executive, a CIPO is tasked to think and lead from a more holistic corporate perspective. So, while IP is the foundation of the role, a necessary build on that foundation to reach C-level requires the CIPO to shape and inform advantaged corporate-level strategy proactively by:

- Understanding the complex interplay of the myriad factors, attractors and competitors in the external market for IP assets.
- Leveraging that knowledge of how and where IP can express (and stifle) value in the marketplace into the creation of advantaged IP assets.
- Uniquely position the corporation to

create, capture and protect market value with those advantaged IP assets (and sidestep IP obstacles).

- Optimise internal capabilities, constraints and trade-offs to maximise returns and minimise risk *vis-à-vis* IP asset exploitation.
- Bridge and align the disparate organisations in the corporation (eg, legal, technology, finance and marketing) in executing those strategies in concert.

In a very real sense, the lifecycle of IP assets touches and is sustained by the legal, technology, finance and marketing departments, among other domains. A successful CIPO needs to walk in all of these worlds with roughly equal facility to create and optimise value effectively – not only in the external market ecosystem where the IP assets live their lives, but also in the corporate micro-ecosystem that gives them life. So, stepping outside of an IP-only regime and exploiting these broader macro-ecosystems is really the source of advantage and impact the CIPO position holds out to those corporations willing to see it and make it happen.

Making it happen, though, can be more difficult than one might imagine, even when the impact potential is recognised. There is often considerable internal resistance to the role of CIPO, arising from both the nature of intangibles themselves and also the requirement to bridge across multiple corporate organisations. It is hard for many corporations to understand (and so attach importance) to something for which there is often no direct physical or proximate (in time or space) connection to impact. Such is the nature of intangibles. It is even harder to appreciate what is required to develop and execute a sound corporate IP strategy or, for that matter, even truly appreciate the necessity of doing so. Education about intangibles and leading by example (nothing attracts latitude and resources like success) are clear paths through this challenge, and ones I have successfully used in the past.

The other major source of resistance is really part of human nature and organisational culture – my shorthand for the phenomenon is the fiefdom mentality. For example, the legal department sees patenting as its exclusive realm, the research centre feels solely responsible for R&D and each organisation in the long line that affects IP feels similarly empowered over its own domain. By (my) definition, an effective CIPO needs to influence all of these functions in

the IP ecosystem to work in concert. The key to overcoming the defensive antibody response here is to act as a facilitator who adds riches and real-estate to their domain, not as an intruder looking to conquer territory. Past experience suggests that success as a CIPO doesn't require you to knock down other real estate departmental doors; rather, it's success as a CIPO that invites them to knock on your door.

So, given this kind of initial resistance, situating an IP role at C-level is not always immediately possible, even if desirable. Often C-level is something towards which the role needs to evolve on the strength of proven impact (a variation on the embrace and extend strategy). Even at this interim level, however, the role (if not via a formal title) must have a clear and visible mandate from the most senior management if it is to succeed – IP touches all aspects of the corporation and only that level of senior support provides the necessary access and cover to realise the role's potential.

Even so, the past five years in particular have witnessed the CIPO role continually grow in visibility and impact, even where not embodied in a formal C-level position. I think to date we've largely seen the power of the CIPO role in reacting to (and compensating for) market and technology realities, as well as legislation and court decisions. My hope is that as it spreads and evolves in the future, we will see the CIPO role become more proactive in creating advantaged IP assets, anticipating new markets, formulating novel IP strategies and capitalisation vehicles, as well as influencing policy around IP and its commercialisation.

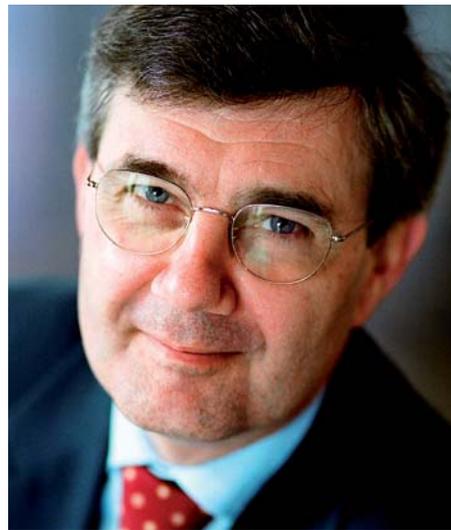
In general, the growing willingness of corporations to attach a C to IP suggests an increasing recognition of the importance of IP as a vehicle for creating and realising corporate value. And given the initial resistance to the role, I see this growth as a clear example of the power of impact over inertia. I fully expect to see more CIPOs joining the C-suite in the not too distant future.

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**Ruud Peters, CEO, Philips Intellectual Property & Standards**

In my opinion, a successful CIPO should have good strategic insight based on an in-depth knowledge of economic, industry and IP trends. Within the organisation he or she must be fundamentally responsible for:

- Defining the IP policies and strategies for the company in consultation with the top



**Ruud Peters**  
CEO, Philips Intellectual Property & Standards

## Kevin Rivette

Chair of the US Patent Policy Advisory Council and co-author of *Rembrandts in the Attic*

I believe that when I coined the term chief intellectual property officer, or CIPO (cheap-oh? Hmm, that has an interesting ring to it) about 15 years ago, it was premature. However, I think it is still good today and now even has relevance.

My feeling then and now is that it defines a role in the organisation for a person to take a strategic view of how to create enterprise-wide value (as opposed to revenue) with intellectual property. In many ways the position of the CIPO is similar to that of a CIO. Both roles need to transition what were, for a long time, considered to be just tactics, such as pulling cable in the IT department or filling for patents and trademarks in the IP department, into a competitive corporate strategy. In the CIO's case the days of pulling cable evolved into developing and deploying real-time information systems as competitive tools. In the CIPO's case it could be developing and executing an IP ecosystem re-engineering programme to provide a long-term business edge for the enterprise.

An effective CIPO has to have an acute IP intuition and a business background. I say an IP intuition is critical because I don't believe the CIPO has to be a part of the IP priesthood with the secret handshake and decoder ring. I have worked with great IP-intuitive people who are not IP lawyers or patent attorneys by training, but have the business strategy skills to see and understand the advantages that can be created with an appropriate IP strategy. The combination of IP intuition and business judgement provides the platform for innovative business models that are at the core of the CIPO role. In addition, this person must have the communication and team-building skills necessary to define, articulate and actualise an IP strategy in the organisation. People with all of these skills are few and far between.

I believe that the issue of a CIPO's

seniority, as well as to whom he or she reports, must be dealt with carefully, as turf is usually a bone of contention among those resistant to the creation of the CIPO role. In my view the board is a good, but not entirely necessary, place to report on this type of game-changing strategy. What is essential is that the CEO is intimately involved and there is buy-in from the senior management team.

In my experience, internal resistance to the role of CIPO has a number of derivatives. IP strategies typically require corporate resources to implement tactics and might constrain future options. The corporate owners of these resources typically have trouble with these concepts and can be threatened by them. In addition, most people cannot articulate the strategy, tactics and benefits of the role of CIPO with enough specificity to convince others on the executive team to take the chance on a new approach to solving complex issues. Furthermore, most people are not well-enough schooled in the IP business models to be confident in defining successful past IP strategies with sufficient understanding of all the potential pitfalls the strategy faced and the reasons why it succeeded so as to understand how to use them in current situations. This makes other managers sceptical and reluctant to support IP strategies.

However, despite these hurdles, IP is clearly now much more in the consciousness of businesses. I was amazed by how much attention was directed to the patent issues in the recent patent reform passion play in the US. This attention came from large, medium and small companies' senior management teams and even from senior union officials. This seems to me an awakening of upper management to the importance of IP business issues today to company, regional, industry-wide and global competitive advantage. Consequently, I anticipate that the role of CIPO will, by necessity, become more mainstream in the coming years. Now if only we could find a better name for it than cheap-oh...

management of the operating divisions, research organisation and the board of management.

- Setting up the operational plans (financial and non-financial targets, resources etc) for implementing the policies and strategies as approved by the board.
- Executing the operational plans in cooperation with the divisions and labs



**Kevin Rivette**

Chair of the US Patent Policy Advisory Council and co-author of *Rembrandts in the Attic*

to achieve the targets.

- Establishing and managing the IP organisation in order to execute the operational plans, policies and strategies successfully.

In order to fulfil this role, a CIPO must combine a clear vision of how IP can be used to support and promote business with an ability to establish and maintain relationships, both internally with the board and externally with CIPOs in other relevant corporations. Ideally, a CIPO would have experience in a variety of fields, such as technology, law and business operations, although it is not often easy to find someone with a background in all of these areas. It is, in my view, unnecessary for a CIPO to be an expert in IP; only a basic knowledge of the subject is needed. More important is that a CIPO has a good grasp of business and finance.

Many companies still see IP as a legal, and mainly defensive, instrument and overlook the fact that it is a tool that can be used to support the business in achieving its goals. It is also far too common for IP departments within companies to behave in an outdated way, focusing on the protection of IP and ignoring the commercial opportunities. I believe that you can overcome this by creating an overall IP strategy for the company that goes beyond the size of its IP portfolio and the number of filings it submits, to understanding that well-managed intellectual property is an asset

that can be leveraged to create value for the business. Such a plan should be endorsed by the board and the management of all the relevant divisions before it can be deployed and implemented throughout the company.

For this reason, I believe that it is preferable for a CIPO to report directly to the board. If companies say that IP is of strategic importance to them but put the CIPO somewhere deep down in the organisation, this is inconsistent and gives the impression that IP is not really that important to the business. The greater seniority a CIPO has, the better.

In general, I expect that more and more companies will recognise the need to have a CIPO in the coming years. The role of the CIPO will increasingly become more focused on the business and commercial aspects of IP, namely how it can be used to support the growth and competitiveness of organisations that increasingly operate in an open-innovation and global environment.

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**Marshall Phelps**

Corporate Vice President for IP Policy and Practices, Microsoft Corporation

The title of chief intellectual property officer – or CIPO – is, in my view, a generic one. What matters are the role and responsibility of the individual in charge of IP within a company, and the skills he or she possesses, not necessarily the title.

Moreover, this C-suite business is in the process of being overused to the point of dilution. In its US edition on 26th December 2007, *The Wall Street Journal* remarked that such C names are largely devices for ego stroking and are consequently becoming meaningless: Chief Social Responsibility Officer, Chief Green Officer, even Chief Beer Officer. Therefore, while I do not see any resistance to the role a CIPO plays, there is perhaps a reluctance to use this title. And while the role itself will become more mainstream, I feel it is unlikely that the title will gain in popularity.

In my view, a successful CIPO cannot be a technophobe. He or she must be policy-driven and familiar with IP laws worldwide. It is vital that he or she is willing to engage with companies, executives and government officials at the highest level. Thus, credibility is critical.

To establish this credibility it is highly important that a CIPO is provided with a sufficient level of seniority. The key here is that the individual must have the implied

and real authority to speak for the company. After that, it matters less to whom he or she reports. Over the years, I have reported directly to CEOs, GCs, even CFOs. It doesn't matter as long as the authority to handle IP matters is delegated and understood, thus setting the proper environment for the IP leader to establish credibility within the firm and throughout the business community. At least in the US, reporting to the board is a bad idea and not followed, as boards do not have operational authority and this is an operational responsibility.

The single biggest challenge to succeeding in this role, irrespective of how it is titled, is garnering the respect and support of the company's senior management. Any title will not of itself do that; but at the end of the day, you cannot be really successful internally or externally without that respect and support.

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**Mallun Yen**, Vice President, Worldwide Intellectual Property, Cisco Systems Inc

The primary responsibility of a chief intellectual property officer or vice president of IP – a more commonly used title – is to take holistic ownership of the company's IP strategy and assets with the overarching goal of supporting the company's ultimate business objectives. This includes:

- Ensuring the company's innovation and R&D efforts are appropriately captured and protected.



**Marshall Phelps**  
Corporate Vice President for IP Policy and Practices, Microsoft Corporation



**Mallun Yen**  
Vice President, Worldwide Intellectual Property, Cisco Systems Inc

## Béatrix de Russé

Executive Vice President Intellectual Property and Licensing, Thomson

Primarily, the role of a CIPO is to manage and protect a company's intellectual property. He or she should possess a rare combination of qualities allowing him or her to manage the IP business internally and externally.

Whether from a legal, financial, technical or business background, a CIPO must gather an understanding of, and an experience in, all these roles in order to be able to carry out his or her responsibilities: preferably in a big company where IP is more likely to play an important role.

In my opinion, it is often more difficult to convince the board of directors, and other constituents of the company, of the strategic importance of IP than to get external recognition. Therefore, a CIPO should have a strong personality, courage and open-mindedness, together with a

sense of diplomacy, if he or she is to place IP at the core of a company. Tenacity, power of conviction and determination will allow a CIPO to manage the IP team and negotiate with licensees and partners. I supervise a team of 220 IP experts in 13 locations around the world, managing almost 1,000 licence agreements and more than 50,000 patents. Needless to say that good health and a resistance to jet lag are basic qualities required!

Companies that have not recognised that IP is a key strategic asset have difficulty in understanding that the role of CIPO is of the utmost importance. While Thomson used its IP in a strictly defensive way for years, opportunities to monetise its IP rights appeared with its acquisition of Mostek, whose DRAM portfolio proved to be a jewel and brought in many times the acquisition price in licensing income.

Simultaneously, Thomson launched its optical licensing programmes in the 1980s and acquired RCA which had been consistently generating significant income from licensing since the 1950s. Taking an active part in these businesses and significantly extending the licensing income since 1993 has been a very rewarding experience. Thomson's licensing income is now above Euros 400 million every year and IP is treated as a real strategic asset at all levels within the company.

This is reflected in my position as a member of the executive committee, through which I am able to report directly to the chairman and CEO, providing IP with a very high visibility within the company. This must be the case for all CIPOs if intellectual property is going to be treated as anything other than a passive and defensive business tool.

- Building and developing the company's often growing IP portfolio within budget without jeopardising quality.
- Actively managing risk in an increasingly challenging IP and litigation environment.
- Being able to influence, as well as tap into, key stakeholders in matters involving the company's IP to drive towards a consistent yet flexible IP strategy.

To be effective, the CIPO should not only understand the company's current markets, technology areas and business models, but also endeavour to understand as much as possible about what the company's future landscape will look like three, five, even 10 years forward. Only by doing so can one hope to anticipate challenges adequately and then work to remove the potential IP roadblocks to a company's success. Because IP strategy should support business goals, it is by its nature a dynamic and fluid process that requires periodic refinement and evolution to ensure proper alignment.

Ideally, a strong background in intellectual property law and practice – whether in patents for technology companies or in trademarks for more consumer-orientated brand companies – is a necessity. It can be difficult, though not impossible, to understand and anticipate many of the legal intricacies and potential paths forward without an on-point legal background.

Although sound legal knowledge is important, it is not enough to stand you in good stead as a CIPO. There are aspects of

the role, such as an understanding of the strategic goals of the company and the technology direction, which might be more readily known by someone coming from a technology, corporate planning or development background.

Beyond substantive knowledge of IP, other key qualities include sound judgement and sufficient business experience to understand how legal strategies play out in the real world. It is equally important that a CIPO is an effective communicator, collaborator and negotiator, and has the ability to manage and assemble a talented team. Developing strong relationships and credibility both within the enterprise and externally is also critical, whether to secure internal resources in terms of people, dollars and processes to support an approach whose benefits may not be realised for years to come, or to build consensus with other companies to coalesce around a cause such as patent reform or *ex ante* standards policy.

The positioning of the intellectual property function within a company can contribute to how the group is perceived. Most IP groups report into the legal department which is traditionally viewed as a cost centre. The benefits of a forward-thinking IP strategy take time to realise – much more than a quarter or two, or even a year or more. Without support at the highest levels, it can be challenging to get executive buy-in on medium and long-term bets that, even if core to the longer-term ability of the business to succeed, are not 100% tied to the current revenue plan.



**Béatrix de Russé**

Executive Vice President Intellectual Property and Licensing, Thomson

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To be able to develop and implement an effective IP strategy, a CIPO should report to a senior executive, whether that is the general counsel, the CFO or even the CEO. In functionally organised companies such as Cisco, with a legal department that ultimately reports to a single worldwide general counsel, it is sufficient to have a VP of IP that reports to the general counsel. For companies that are divisionally structured or have multiple regional general counsel who report to different business leads, a CIPO who reports directly to the CEO may be the most efficient and indeed the only effective way for the CIPO to take overall responsibility for IP. Reporting to the CEO may also be necessary where IP and its licensing is the primary driver of a company's revenue and the basis of its entire business model.

The CIPO role may become more mainstream as the costs and risks in IP increase and as business models become more complicated. For instance, more and more entities are aggressively pursuing

patent litigation against successful operating companies, as entire new business models form around the purchase of IP for the purpose of enforcement rather than developing products or services. This trend is causing all IP costs to skyrocket. Without a proactive, deliberate strategy, there is a heightened risk of ending up in an expensive patent arms race: a battle that will benefit very few except, perhaps, outside counsel. ■

*The views expressed in this article are those of the interviewees and do not necessarily reflect those of their employers*

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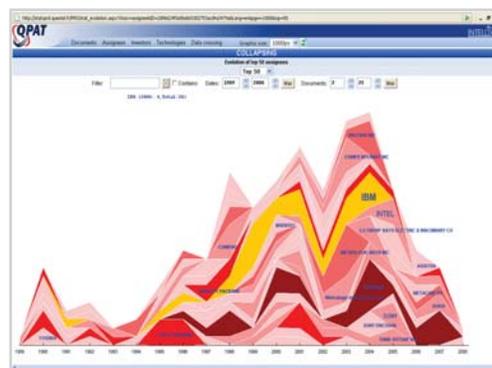
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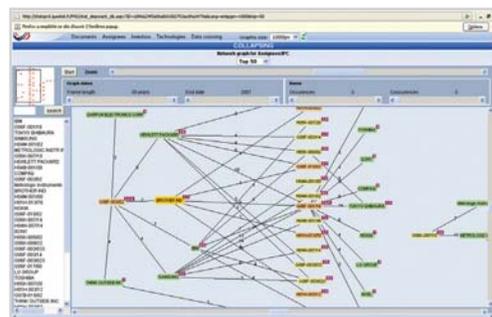
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