

Dickinson starts planning GE's IP revolution

For the first time ever, General Electric has given one person the job of looking after its entire intellectual property portfolio and strategy. And in Todd Dickinson they could not have found someone with more experience to take on the task. By Joff Wild

If Todd Dickinson ever wondered just how big a business General Electric is, the last few months have certainly put him straight. Since he joined the company on 1st May to become its first ever corporate vice-president and chief intellectual property counsel he has hardly stopped travelling: criss-crossing the United States; visiting Hong Kong; and going to Europe, twice. But Dickinson is not complaining. Far from it, in fact. "This is one of the greatest IP jobs in the world," he says. "I am having a ball."

To be fair, Dickinson is used to spending a lot of time on aeroplanes. As Under Secretary of Commerce and Commissioner of the United States Patent and Trademark Office (USPTO) from 1998 to 2001, he took extensive trips overseas as he pushed the Clinton administration's intellectual property agenda. Then on leaving government, he joined law firm Howrey Simon Arnold & White as joint head of its intellectual property practice. While there he was a pivotal figure in establishing Howrey's highly successful San Francisco office and also played a major role as the firm pushed into Europe, where it now has offices in London, Amsterdam and Brussels.

Range of issues

It is a depth of experience without which it is difficult to imagine he could manage the job he has been asked to do at GE. "The number of issues in which this office is involved may be broader than those dealt with by almost anyone else in the US, apart from the Director of the USPTO," Dickinson says. In June, he explains, he spent three days in California at NBC Universal, created the month before following the merger of GE's NBC with Vivendi Universal Entertainment. Because GE controls the new company, Dickinson is ultimately

responsible for the management of all its intellectual property. "There are so many copyright situations we have to look at there, such as digitisation and anti-piracy," he says.

On its own NBC Universal is forecast to generate US\$15 billion of revenue in 2005, yet it is just one of 11 businesses for which Dickinson has overall IP responsibility. On the other side of the spectrum, for example, GE has acquired British biotechnology company Amersham for nearly US\$10 billion in a deal that was finalised in April of this year. Amersham has an extensive portfolio of patents in key areas such as genomics and proteomics. The company is now a major component of GE Healthcare, a US\$14 billion business that employs more than 42,500 people.

Then there are the hundreds of world-class brands GE owns (the GE brand itself was valued fourth most valuable in the world by *Business Week* in 2003), as well as its interests in China and India – two of the world's major IP hotspots. "It is just fascinating," says Dickinson.

Put simply, GE is a beast of a company. Within its 11 technology, services and financial businesses there are more than 300,000 employees working in 160 countries. Ranked fifth in the Fortune 500, GE's revenues for 2003 came in at US\$134.2 billion. The challenge for senior management is to maintain GE's position and to ensure continued growth. Jeffrey Immelt, who succeeded the legendary Jack Welch as chairman and CEO in 2001, has identified technology as one of the keys to this.

Investing in technology

Although founded as a technology company by Thomas Edison back in the late 19th century, over recent years GE has seen most of its growth driven by NBC and General Electric



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Capital Corporation, a financial services company engaged in commercial finance, consumer finance, equipment management and insurance. Immelt, a mathematician by training and a former head of GE Healthcare, sees going back to the company's roots as being pivotal to its future. "We're going into a period where long-term economic growth is going to be slower. There's going to be more volatility. So my premise is that great companies know how to grow. One of the avenues to do that is technical leadership," Immelt told the *San Francisco Chronicle* in May. In 2003, expenditure on R&D at GE topped US\$2 billion and this year it is likely to go higher. The company's main labs in New York have been significantly upgraded, as have operations in Bangalore, India, and Shanghai, China. In June the company opened a new facility at the technical university in Munich.

And it is here that Dickinson comes in, he explains. "If you are going to focus on technology as an engine for growth, you have to be in a position to protect the fruits of your R&D so that they can be utilised as a part of the company's strategic planning," he says. It was clear from the very first meeting he had with general counsel Brackett Denniston that this was an area that GE had thought about long and hard, Dickinson says. "What heartened me when I first sat down was the emphasis he placed on getting quality patents. While cost issues are obviously always a major consideration, what he stressed was the importance of having systems in place both to measure the quality of what we are obtaining and working to improve that quality where necessary," he explains. "It is clearly a significant issue because you will have spent money for nothing if the patents that you own cannot be protected or are not broad enough."

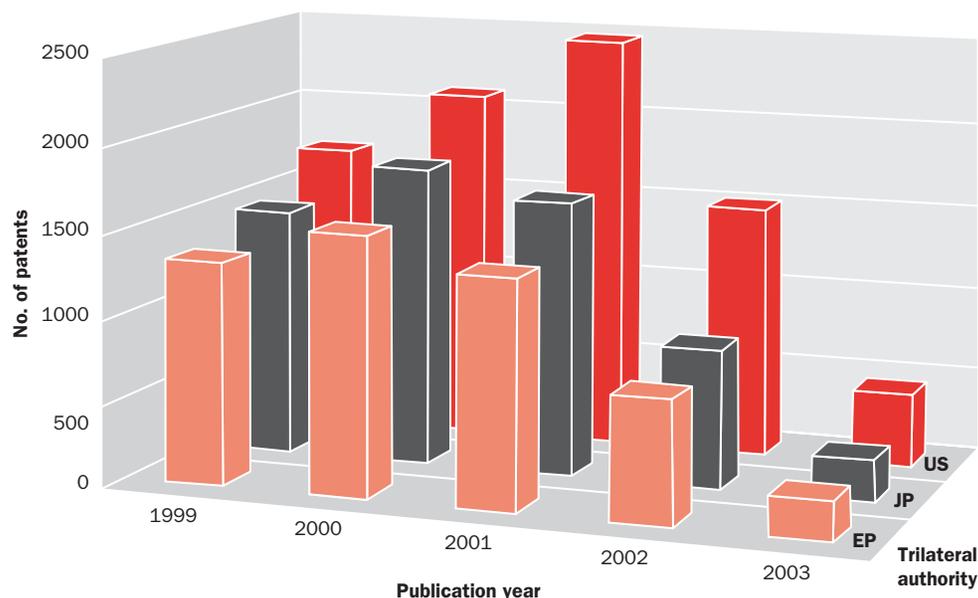
Of course, there is more to it than just ensuring that the quality of the patents is up to scratch. Dickinson's appointment is, he says, a demonstration of intent on GE's part. "When Ron Myrick – who was GE's corporate patent counsel – retired last year, it was decided to expand the role and to recreate it as a vice-president position. This was a decision that I understand the chairman himself made, and it sends a very important message: that GE acknowledges the importance of its IP and how key it is to the company's future development." Just how key is shown by the brief that Dickinson is now working to. "One of the first things I have been given the task of doing is looking at the whole organisation of the IP function from top to bottom. I am just getting a handle on it at the moment but that assignment has been characterised by Brackett Denniston using words such as revolution and re-engineering," he says.

Depth of experience

In the context of a company that owns tens of thousands of patent and trademark registrations across the world, not to mention a vast copyright portfolio, as well as major trade secret and know-how resources, this is no small brief. But Dickinson believes he has the credentials to see it through. "I imagine that one of the things that may have made me attractive to GE is the breadth of my experience. I have spent time working in-house before and I was a partner in a major international law firm. I also know that management in a big organisation can require something of a political touch because it is often about balancing interests, which I hope was a skill I took away from my time as Commissioner of the USPTO," he says.

Certainly Dickinson's time at the USPTO, the biggest patent and trademark office in the world, was a successful one by any standards. After years of tension between senior management and staff at the Office, Dickinson's period as Commissioner saw a major upturn in labour relations with a series of initiatives that he introduced serving to improve working conditions and increase productivity. On the policy side, Dickinson won plaudits for guiding the contentious American Inventors Protection Act, which among other things stipulated the publication of US patent applications 18 months after filing or the earliest claimed priority date, through Congress and onto the statute books. In addition, he oversaw the introduction of new guidelines for the examination of business method patents at the USPTO, while electronic filing of both

GE Trilateral Authority Patenting Activity* 1999-2003



Helping to shape the debate

One area which Todd Dickinson believes is of major importance is the development of IP policy outside of GE. "One of my roles here will be to seek to engage and influence the IP debate externally. GE has always been a policy leader in this area, and I am interested in continuing and expanding that tradition," he says.

Intellectual property, Dickinson explains, is no longer a game just for insiders. "There are many forces seeking to get involved and take a stance, from the Federal Trade Commission to Ralph Nader. It is important that GE participates in the robust debate that follows on from that because what is decided will have a major impact on the company and, potentially, its bottom line."

An area that he has identified as being of major importance in this regard is one from his days at the USPTO: patent harmonisation. "As a company, GE is so global that it is in our interests to have an internationally consistent patent system," Dickinson explains. But he does see obstacles in the way of progress. "I am usually an optimist when it comes to this

debate, and I am trying hard to remain one, but it does seem that the WIPO process is stalled: the issues seem to be well-defined but it is proving difficult to make a deal that people can live with," he says.

Then there is China, where GE has been extremely active over recent years. "China is a huge issue for GE and we are working on a specific business strategy for the country which includes a very strong IP element," says Dickinson. He is encouraged by the central government's conversion to the IP cause. "It has bought in philosophically to the importance of IP rights and protection," he says. But Dickinson remains worried about enforcement. "Both piracy and counterfeiting are rife, and the recent decision overturning the Pfizer patent on Viagra will bear close watching," he states. There is no question of GE threatening to pull out of the country if the situation does not improve, Dickinson says, although the magnitude of certain types of investment could be affected. And, he stresses, these are not issues specific to GE "but for any company moving into China".

patent and trademark applications was introduced on his watch.

At Howrey too he had a strong impact. Alan Grimaldi, the current co-chair of the firm's IP group, is fulsome in his praise. "Todd has two incredible characteristics that we do not see much of in the IP world in the US: first he has huge knowledge of the international IP world, and is greatly respected for this – something that will be a tremendous help to General Electric; and second everyone knows his name – Todd could call a senior person at any of our clients or target clients and they would immediately know him. That does not happen with too many IP lawyers," says Grimaldi. His conclusion is a simple one. "Todd is a man operating at the very top of his game."

Building the future

Dickinson has set himself a number of goals, the first of which is to get to know the people that now work for him. "In the US we have a certain management style which is known colloquially as 'managing by walking around' and it is one which I like to use. I prefer to meet people directly to find out what they do, what issues they have and how I can help them to do their work better," he explains. This is one of the reasons he has spent so much time travelling. "It has been somewhat

gruelling, but has allowed me to get a first-hand understanding of the company and its people," Dickinson states.

In terms of organisation, each of the 11 business groups inside GE has its own head of intellectual property (senior intellectual property counsel or SIPC) and a dedicated intellectual property department. There are also several licensing operations and a central IP group that looks after all of GE's trademarks, as well as its foreign patent filings. "Managing all of this and keeping everyone pulling in the same direction while maintaining independence is a huge challenge. To do it we have to have the right personnel and the right procedures in place," Dickinson explains. Happily, he has been pleased with the calibre of those he has so far met. "I have been pleasantly surprised by the quality of the SIPCs; it is important that we have people of similar quality all the way down the line."

Once he has got to grips with what he is in charge of, Dickinson's next job is to work out what to do with it. A big question is whether there is the scope for the revolution and re-engineering that Brackett Denniston has spoken about. It is a crucial issue – companies that spend billions of dollars on R&D and tens of millions more on securing patents to protect the results of this work are clearly making a substantial investment. But quality intellectual property just sitting in a portfolio gathering mothballs is going to do very little in the way of contributing to the bottom line. The challenge for Dickinson is to develop a strategy that will allow GE to make more of the intellectual property it owns. Certainly, this is something that he is very aware of. "You are going to see GE being more proactive in the way that it uses its intellectual property. One of the things I have to look at is whether we are extracting the value from our IP that justifies the investments we have made in creating it," he says. However, he also stresses this is not just about the straightforward monetisation of portfolios. "There are also ways to manage IP strategically for value, such as tax issues, donations and joint venturing, that all have to be looked at."

That said, it is clear that with one of the largest patent portfolios in the world there is potential in building technology licensing opportunities. In fact, this is something that has been apparent at GE for a few years now. A change in accounting procedures in the late 1990s saw funds that had previously been held at the corporate level being devolved back to the businesses that actually created them – so providing greater incentives to individual units to go out and look for licensing revenue. On top of this, Jack Welch saw what was happening with IP monetisation at IBM

and other companies and thought that the same might be possible at GE. As a result, there was a greater push to develop patents, something that has continued under Immelt.

The trick, though, is to convert those patents into money. Dickinson recognises that the IBM model is an attractive one. However, he is not convinced that it can be applied directly at the company. "The so-called IBM model is something that has been discussed at GE and strategic licensing issues are under review. However, the range of technology that we have, and the way the company is organised, make it somewhat more difficult to analogue to the way, say, IBM and Microsoft handle their portfolios," he explains.

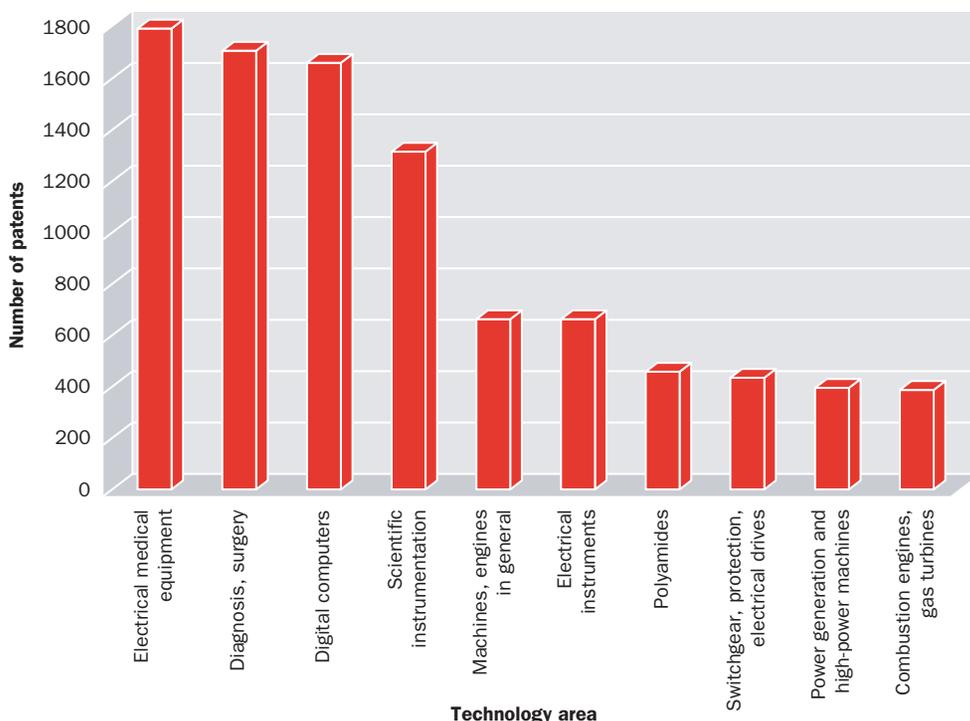
And he does have a point: the way that Amersham would deal with its intellectual property is very different to the way that one of GE's businesses in, say, the aerospace industry would operate. "If you look at Amersham, for example, there clearly IP is vital to the business and the way it is managed is absolutely crucial, but in other business areas, we may be one of just two or three major players, which means that the IP is handled differently," says Dickinson. "Some of our businesses are heavily involved in standards creation so you have another model in action there," he adds. As a result, Dickinson says, there is a key question that GE has to answer. "Can and should an IP programme be universally applied across the company? While we are not going to be able to produce an answer to this in the next five minutes, it is an issue that is under serious review."

But while he will not give any definitive answers, he does give some indication as to the way his thoughts are progressing. "We have several licensing organisations, including a central one, and they all have a direct reporting line into me, as well as to other people. We have to decide how to manage the relationships involved and to work out whether it can be done in a more coordinated fashion. The answer is probably yes it can but we also have to come up with a system that continues to respect the individuality of the separate operations."

A sign of the times

Todd Dickinson's move to GE is the latest in a growing line of such appointments that have taken place over recent years in the US. Just 12 months ago, it was Marshall Phelps moving to Microsoft that had everybody in the IP community talking. But while more companies than ever seem to be willing to embrace intellectual property, Dickinson is not convinced that it is a stampede. In most boardrooms, he says, the leap has yet to be made. "Ten years ago if you asked the

Top 10 Technology area patented* 1999-2003



average board what its company's IT strategy was you probably would have got a number of responses reflecting different levels of knowledge and interest. If you ask boards the same question now you can bet that every single board member has an excellent handle on the subject. I think that IP is now where IT was 10 years ago," he says. Before adding: "That is going to change."

With Dickinson installed as corporate vice-president and chief intellectual property counsel, there is no doubt that just such a change has come to General Electric. But making the appointment was the easy part. It is now up to the board to demonstrate its faith in IP using more than just words: Dickinson will need a great deal of support as he works to bring about that revolution general counsel Brackett Denniston wants to see. If he gets it, however, Todd Dickinson's record shows that he is more than likely to succeed. And then he will have the opportunity to address his biggest problem of all: just how to find the time to use those air miles he is currently accumulating at breakneck speed. ■

Statistical data supplied by Thomson Scientific (www.thomsonscientific.com)

Source: Derwent World Patents Index® on the online host STN (<http://stnweb.fiz-karlsruhe>)

*Patent Applications (US patent applications were published for the first time in March 2001 – stats prior to this date show granted US patents)

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