

# *The Emerging Role of the CIPO (Chief Intellectual Property Officer)*

## **Gathering2.0 Webinar**

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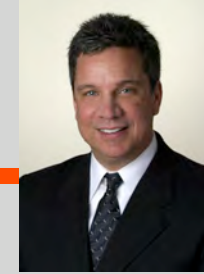
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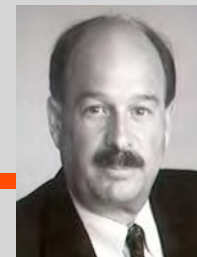
## ***Presenter Backgrounds - Rob Sterne***



- **Founded Sterne, Kessler, Goldstein & Fox, PLLC, an intellectual property specialty law firm, in 1978 at the age of 26.**
- **Licensed Patent Attorney (Reg. # 28,912)**
- **Recognized thought leader and author of seminal writings on Board of Director responsibility for IP, the CIPO, and corporate IP best practices, especially involving patents.**
- **Graduate of Stanford's Directors' College (2002, 2005) and serves on Board of NASDAQ company**
- **Virtual CIPO to many start up and emerging companies over last 28 years.**



## ***Presenter Backgrounds - Ron Laurie***



- **Co-founded Inflexion Point Strategy, LLC, an “*IP Investment Bank*,” in 2004 to assist technology companies and institutional investors in**
  - buying, selling, or investing in, patent portfolios having strategic (i.e., competitive) value, and**
  - executing IP-driven corporate M&A transactions - e.g., spinouts of “stranded” technologies with an established IP position.**
- **Founding partner of Silicon Valley offices of:**
  - Skadden Arps (1998), Weil Gotshal (1991), Irell & Manella (1988).**
- **Prior law practice focused on IP aspects of complex corporate transactions, including mergers, acquisitions, spin-outs, joint ventures, IPOs, etc.**
- **Taught IP Strategy and Patent Law at Stanford and Boalt Law Schools.**



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# The CIPO Manifesto

Cover story article in the Aug/Sept 2007 issue of IAM Magazine.



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## **Overview -**

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- **Definitional Issues: Who is -- and is not -- a CIPO?**
- **Key Attributes of a CIPO**
- **Interactions with Other C-Level Execs**
- **Variations from the Idealized CIPO Model**
- **Impediments to Realization of a True CIPO Position**
- **Proposed Initiatives in Training CIPOs**



# ***Definitional Issues: Who is - and is not - a CIPO?***

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- **Traditional Corporate Titles --**

**Chief IP Counsel (or Chief Patent Counsel)**

**Director of IP**

**Vice President - IP**

**Other**

- **DeFacto CIPO Positions --**

**Start-ups, SMEs,**

**IP Licensing Companies**



# ***What are the Key Attributes of a CIPO?***

- **Org Chart Position**
  - To whom does the CIPO report?**
  - Who reports to the CIPO?**
  - Dotted-line reporting**
- **Operational Responsibilities**
  - IP Protection**
  - IP Contract Management**
  - IP Asset Management & Monetization**
  - IP Litigation**
  - IP Aspects of Corporate Transactions**
  - Other?**
- **Interactions**
  - CLO, CTO, CFO, CMO, Corp Dev, etc.**
  - CEO, COO, EVP(s), Board**



# ***Collaboration with Other C-Level Execs - Traditional Interactions***

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## **CTO -**

- **IP Protection (R&D Support, Strategic IP Planning, “Directed Innovation”).**
- **Participation in Standard Setting Organizations.**
- **Dealing with Open Source Issues.**

## **CLO/GC -**

- **Infringement Analysis & Litigation (defensive & offensive).**

## **CMO -**

- **Branding strategy.**

## **Govt. Affairs -**

- **Public Policy (patent reform legislation, amicus briefs, position papers).**



# ***Collaboration with Other C-Level Execs - Evolving Interactions***

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## **CFO -**

- **IP Monetization (sale, licensing, financing, securitization).**
- **Patent Acquisition (for defense, exclusion or revenue).**
- **Revenue, Profit, EPS Forecasting and Measurement.**
- **IP-Related Financial Reporting Compliance (FAS 141, 142).**
- **Tax Planning.**

## **Corporate Development -**

- **M&A**
- **Joint Ventures and Strategic Alliances**
- **IP Licensing Spin-outs**

## **CLO/GC -**

- **Minimizing SarbOx and Shareholder C/A Exposure for IP Mismanagement.**



# Key Attributes of a CIPO (cont.)

## Background & Training --

**A CIPO operates at the intersection of IP, technology and business & needs:**

- a working knowledge of IP law, policy and practice -  
*but does the CIPO have to be a lawyer?*
- understanding of all relevant technologies, markets & industries.
- experience in negotiation and contract management, innovation processes, intangibles valuation, etc.

## Personal Qualities --

- Entrepreneurial instincts
- Results-oriented manager
- \* Effective communicator & consensus-builder
- \* Cross-boundary leader, trusted advisor, etc.



# Variations from the Idealized CIPO Model

- IP Litigation

  - Solely/primarily responsible?

  - Shared responsibility with GC/Legal Dept?

  - Consultative role?

  - Minimal or no involvement?

- Separation of “Technology IP” from Trademarks, Content

- Company-Specific Variations Based on --

  - Maturity, Size, Culture

  - Revenue model - product co. vs. service co. vs. IP licensing Co.

  - Industry --

    - e.g., electronics vs. software vs. life sciences vs. financial



# *Impediments to Realization of a True CIPO Position*

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- **The “Vested Interest” Issue**

IP incumbents (e.g., GC, CTO) would have to cede ownership.

- **The “Risk Management” Issue**

Traditional corporate perception that minimizing IP risk always takes precedence over maximizing IP value.

- **The “Increased Organizational Complexity” Issue**

Addition of yet another reporting channel into top management.



## *Proposed initiatives in Training CIPOs*

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- **Law School - Biz School Collaboration**
  - Intersection courses**
  - Joint degree programs**
  - IP management institutes**
- **Post-Graduate Specialization**
- **Corporate Training Programs**



# ***Concluding thoughts***

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- **More and more companies are managing IP as a strategic business asset.**
- **CIPOs will be the visionary drivers for companies that are transitioning from an *IP as a cost center* mentality to an *IP as a profit center* model.**
- **A key success factor in a centralized corporate IP structure is the ability to effectively manage relations with the head of each strategic business unit having a financial interest in the IP value forecast and revenue stream; the CIPO is in a unique position to master these relationships.**
- **A CIPO provides companies with the ability to effectively respond to an environment of rapid and dramatic changes in the IP landscape, such as the patent reform movement and the growing attraction of institutional investors to IP-related business models.**



# ***We want to know what you think!***

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- We're working on a follow-up article with industry reaction to *The CIPO Manifesto*, to be published in a future issue of IAM Magazine.
- Gathering2.0 is providing an on-line discussion forum in which you can express your views, both critical and supportive. To participate in the conversation, [click here](#).

Thanks,

Rob & Ron



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