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THE CIPO HYPE CYCLE: ELEVATING THE IP FUNCTION IN A TRANSFORMING BUSINESS LANDSCAPE



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Around 2005, there was a growing belief in IP circles that, while the strategic importance of IP was increasing, boards in many companies rarely understood its strategic value. This gap would create an increasing need for companies to introduce a new C-suite role: the Chief IP Officer, or CIPO, who would take a leadership position within a company to unlock the value of IP assets and maximize their return on investment (ROI).

The publication of the CIPO manifesto by Rob Sterne and Ron Laurie in IAM Magazine in 2007 sparked a flurry of publications on this topic. Many panels at IP conferences also discussed this issue. It marked the beginning of the CIPO hype cycle, as illustrated in Figure 1 (similar to the well-known [Gartner Hype Cycle](#) for technologies).

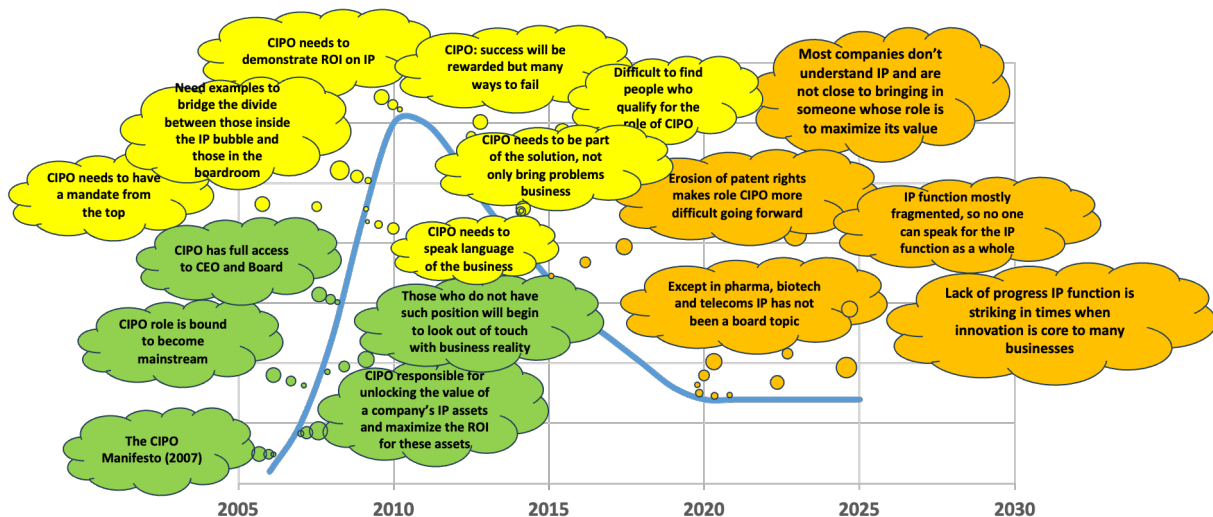


Figure 1. CIPO Hype Cycle. Source: IAM Magazine (2007-25)

The ideal CIPO, as outlined in this Manifesto, has working knowledge of various forms of IP, a solid understanding of both near-term and long-term strategic goals, sufficient understanding of the technical fields and commercial markets in which a company operates, excellent negotiation skills, budgeting and financial experience, and strong managerial abilities. Most importantly, a CIPO must possess leadership skills and be trusted and respected.

Predictions indicated that many companies would have a CIPO, and those without one would fall behind. However, it quickly became clear that the future for CIPOs was not so straightforward. Many heads of IP struggled (and still struggle) to gain access to the board to make their case for IP. For the CIPO role to become mainstream, it would require a mandate from the board. A growing sense of realism emerged that many heads of IP departments were not suited for this new role and would fail to become Chief IP Officers. Not speaking the language of the business and only highlighting IP problems and risks instead of creating IP solutions for businesses were seen as shortcomings of the traditional IP attorney function.

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The CIPO hype ended with the situation we are in today, in the trough of disillusionment: not many companies—except in pharma, biotech, and telecoms—are close to introducing a CIPO, whose role is to maximize the value from IP for their business. Conversely, the perception that CIPOs were not meeting the expectations of a strategic value driver from IP has led some companies to downgrade the IP function by reporting it to lower levels in the organization, viewing IP more as a risk management activity than a source of value. This can be surprising at a time when most companies are heavily focused on innovation as a key driver for future growth.

This raises the question of how the CIPO role (or more broadly, the IP function) in companies will evolve in the coming years, especially considering the impact that AI will have on nearly every aspect of IP creation and exploitation. Will the CIPO role remain largely the same, focusing on protecting the results of R&D and other creative efforts within companies? Or will it become less relevant as AI tools increasingly automate operational IP tasks? Alternatively, will it elevate to C-level prominence as, in a digital/AI world, strategic decisions about when to be open or closed in rapidly changing ecosystems become more IP-driven and strategically vital for businesses?

To find an answer to these questions, it first makes sense to examine what has prevented so few heads of IP departments from moving into a CIPO-like role. Many IP departments still focus on protecting their own technologies and products without a clear purpose of how they want to use their IP portfolio to support their companies' profitability, growth, or other goals. When asked, it is usually said that the portfolio is used defensively. However, often no evidence can be provided to show that their portfolio has actually served as an effective defense. In addition to filing and registering IP, significant time and resources are devoted to FTO studies and oppositions as third-party risk mitigation activities.

These IP departments mainly focus on operational performance indicators, such as the number of patents filed and the extent to which costs are kept within budget. Measuring only these kinds of operational metrics and not the contribution the IP department makes to the business leads to the perception that the IP function is a cost center rather than a value creator. Many CIPOs find it hard to clearly explain how IP directly adds value to the business, resulting in a persistent “IP strategy gap” between business leaders and IP professionals.

AI will transform IP operations. Many IP departments are trying out AI IP tools to see which work best for them. AI tools are boosting the efficiency, consistency, and quality of core IP tasks like searching, landscaping, patent filing, prosecution, and more. These AI tools will handle the routine activities of IP professionals. The role of IP professionals will shift for some from an IP practitioner to a supervisor of AI IP systems, and for others to a business advisor.

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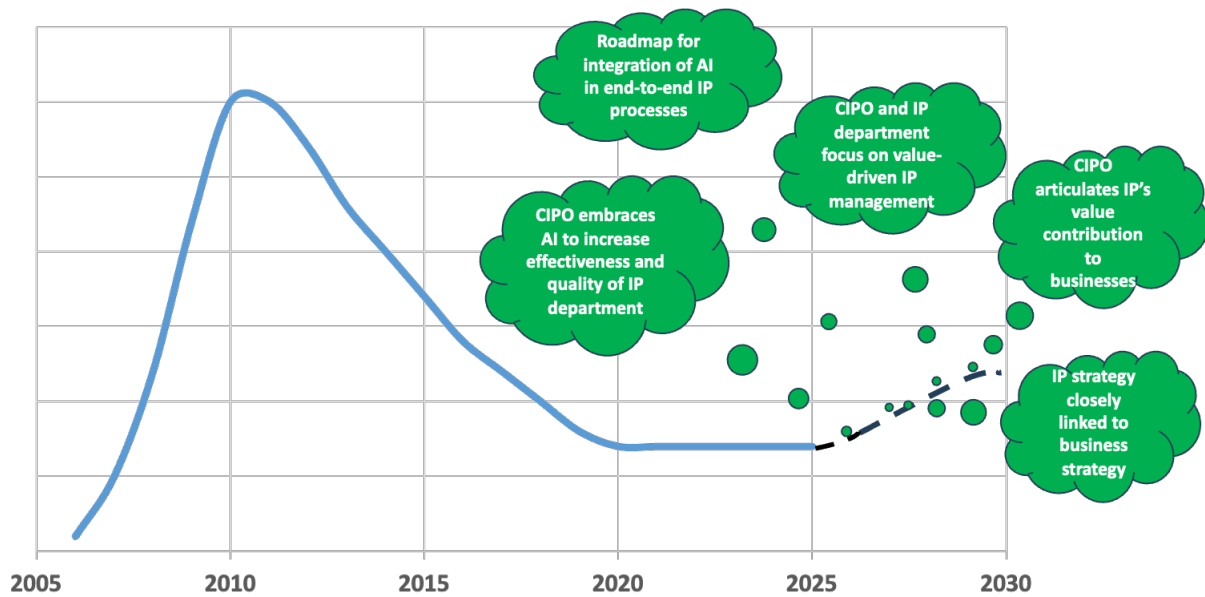


Figure 2. CIPO Hype Cycle – the possible roads ahead.

The CIPO must take the lead in managing this transition effectively. IP departments need to create a roadmap for integrating AI into their end-to-end processes, which should be defined first if those are unavailable or do not reflect the current way of working. In addition, they need to develop an IP strategy closely aligned with the business strategy. With AI, the question of the value IP contributes to the business becomes even more urgent for CIPOs and IP departments to address. CIPOs and their teams need training to develop the skills and insights necessary to manage IP from a value-driven business perspective. Over the last 25 years, CIP has developed and continues to develop training courses to support IP professionals in their growth and prepare them for the future.

As CIPOs and IP departments take these steps, as also shown in Figure 2 above, the CIPO role may evolve from a cost manager (i.e., cost center) to a value driver (i.e., value center) who can effectively communicate that value to businesses and boards.