

A lot has been written in recent days about the job losses and economic damage that would result if Washington chooses not to offer the General Motors, Ford and Chrysler financial aid.

James E. Malackowski, president of a merchant bank specializing in intellectual property financial products and services in Chicago, says there's something else at stake.

In an opinion piece published in The Detroit News this week, Malackowski states that the value of the automakers' green technologies is great and would likely be lost to the U.S. if they went out of business.

"There is far more at stake in this debate than just the future of Detroit and the U.S. auto industry," he wrote. "The fate of vital green and energy intellectual properties is at risk, too. When it comes to the Big 3, it's the technology, Congress."

The piece is well worth the time it takes to read it. It can be viewed by clicking on DetNews.com or by going to the next page.

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Commentary

It's the auto technology, Congress

James E. Malackowski

General Motors, Ford and Chrysler are collectively one of the world's primary sources for the research and development of green and fuel-efficient technologies. As Washington decides on aid to the ailing auto industry, top consideration should be given to the significant potential of these Big 3 technologies for stimulating economic and job growth and creating a greener and more fuel-efficient world.

In fact, much of the privately funded green and energy innovation in the United States will stall or likely never come to fruition if the domestic automobile industry fails.

The important global role played by the Big-3 in these fields is clarified by comparing four of their key patent portfolios with those of the other 15 largest global auto manufacturers -- emission control, mainly catalytic converters and related chemistry; fuel cells; hybrid and electric vehicles, mostly motor and battery innovation; and emerging related technologies developed by these same firms including solar, wind and other green inventions.

Consider that:

- GM has higher average quality and newer green technology and patents than the other 14 automakers combined.
- Ford and GM together hold approximately a third of all green technology patents and the related value.
- GM has 70 percent of the patents in the emerging technology category. This domestic share increases to 85 percent if Ford is added.
- Ford owns 30 percent of all patents with a similar related value measure in emission control innovation.

Clearly, Detroit's Big 3 manufacturers own valuable green and clean air technologies, both in an absolute sense as well as relative to their international competitors. Any long-term plan for these three corporations should focus and build upon the innovation advantages they possess.

The Big-3's green technologies, for instance, can help the United States move towards further energy independence, serve as the building blocks for creating and improving alternative power plants, and increasing fuel efficiency for standard or hybrid vehicles, both of which will decrease harmful emissions.

If GM, Ford or Chrysler should fail, many of these key technologies would likely be lost to the United States. Green technologies pioneered by supplier manufacturers of the automotive industry -- like battery companies -- are also likely to be lost. Indeed, the bankruptcy of any or all the Big 3 would create a historically unique opportunity for their foreign competitors to acquire a vast amount of crown jewel technology for a fraction of their true value.

Our national defense would also be adversely affected. Retired Army Gen. Wesley Clark recently noted in the New York Times that Detroit's automakers are developing innovative electric motors, many with permanent magnet technology with immediate military use. And only the auto industry, with its vast purchasing power, can establish a domestic advanced battery industry. Likewise, domestic fuel cell production, with many critical military applications, depends on a vibrant auto industry.

No other U.S. industry would have the private resources or an incentive to make the massive research and development investments required. If our nation ever plans to address the importance of clean technology, climate changes, and energy efficiency, the future of these proprietary technologies must be a priority in Washington, not just Detroit.

Luckily, one of the key players in this decision-making is from Detroit. U.S. Rep. John Conyers Jr., D-Detroit, is the chairman of the House Judiciary Committee, with congressional responsibility for U.S. intellectual property legislation and oversight.

Immediately after Election Day, Chairman Conyers promoted the Intellectual Property Subcommittee to his full committee, instantly elevating intellectual property matters. This important step allows him and his committee to fully explore the technology implications of any plan to save the Big 3 -- or the consequences of allowing them to fail.

There is far more at stake in this debate than just the future of Detroit and the U.S. auto industry. The fate of vital green and energy intellectual properties is at risk, too. When it comes to the Big 3, it's the technology, Congress.

James E. Malackowski is the president and CEO of Ocean Tomo LLC, a merchant bank specializing in intellectual property financial products and services in Chicago.

Posted by

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