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IP ESSENTIALS

A Toolkit for Entrepreneurs,
Innovators, and Business Owners

FREEDOM TO OPERATE (FTO)



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A Freedom to Operate (FTO) analysis is a critical step of due diligence for inventors, entrepreneurs, and businesses looking to develop, produce, or commercialize a new product, process, or technology. This analysis will determine whether any aspect of the innovation might infringe upon existing intellectual property (IP) rights owned by others. By identifying and mitigating potential infringement risks, an FTO analysis can help safeguard investments, reduce legal uncertainties, and position the innovation for success in the marketplace.

Q&A SERIES

Q *What is an FTO analysis, and why is it important for entrepreneurs and inventors?*

A An FTO analysis is a comprehensive search and examination of issued patents, published patent applications, and other IP rights (such as trademarks and copyrights) to determine whether a new product, process, or technology or any of its components may infringe upon any existing rights. The search and examination will identify potential risks that can then be mitigated with an appropriate strategy.

Q *When should an entrepreneur or inventor consider conducting an FTO analysis?*

A While not legally required, it is recommended to initiate an FTO analysis early in the innovation process, ideally before investing significant time and resources into developing and commercializing your idea. An early FTO analysis can help you design a market entry strategy that takes into account any potential obstacles posed by existing patents or intellectual property rights. Identification of such risks can inform your decision-making and lead to the development of alternative approaches or designs, if necessary.

A potential added benefit of performing an FTO analysis is obtaining a thorough in-depth analysis of the competition and landscape. This study might identify opportunities for patenting additional technologies or aspects of the technology, or even spark new ideas for further development.

Q What steps are involved in an FTO analysis?

A A thorough FTO analysis typically involves the following steps:

- 1. Identifying relevant patents.** A search for patents that could be related to the invention, or any aspect of the invention is performed. This involves keyword searches of publications from the United States Patent and Trademark Office (USPTO), World Intellectual Property Office (WIPO), and European Patent Office (EPO). The keyword search can be performed through comprehensive databases, such as Google Patents.
- 2. Reviewing claims.** A careful analysis of the claims in any identified patent that is still in force is performed to understand the scope of protection and potential relevance to the invention. The claims in a pending application may also be analyzed. While pending applications are not enforceable until issued, it is also important to analyze the scope of claims which may soon be granted.
- 3. Analyzing the product/process.** The invention's features, functionality, and implementation are compared to the claims of identified patents and pending applications.
- 4. Considering non-patent IP rights and non-patent literature.** Competitors who are currently working on technology relevant to the invention are identified and monitored for future patent publications and non-patent literature publications, such as scientific journal articles, trade publications, blogs, and other media. Other forms of intellectual property, such as trademarks and copyrights, may be reviewed. It's important to keep in mind that certain forms of intellectual property, such as unpublished applications and trade secrets, may exist that are confidential and not available to the public.

- 5. Geographical considerations.** As IP rights are territorial rights, the scope of the FTO should cover all jurisdictions in which the invention could be made, used, sold, or imported. This may include non-English publications.

Q Can I perform the FTO analysis on my own?

A Most IP databases for patents and trademarks are freely available to the public, and more sophisticated IP databases are available at a reasonable cost. While you can start the process by conducting an initial patent search, consulting with a qualified intellectual property attorney is highly recommended. A qualified attorney will possess the legal expertise to interpret issued and pending patent claims accurately and provide you with a reliable legal opinion on potential infringement risks.

Q What if I find patents that could be relevant to my idea?

A If you find any patents that could impact the commercialization of your idea, consult with an IP attorney to assess the scope of those patents and the potential risk they pose. An experienced IP attorney will evaluate the risk of any potential infringement and consider factors like claim scope, jurisdiction, and the patent holder's history of enforcing their patents.

Legal counsel will be able to guide you on possible courses of action which may include:

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- **Modifying your invention.** You may consider altering your invention's design, process, or components to avoid infringing issued claims. This might require design adjustments or changes to your approach.
 - **Licensing existing patents.** You can negotiate licenses with identified patent holders, allowing you to use their technology while paying a fee or royalty.
 - **Challenging the validity of the existing patent.** If you believe a patent is invalid or wrongly granted, you can challenge its validity.
 - **Abandoning your idea.** In some very rare cases, if the risks are too high and there is no viable way to modify the invention, it might be best to abandon the idea.

Regardless of any potential infringement risk, if your invention has unique and non-obvious features that differentiate it from the full disclosure of those existing patents, you might still be able to obtain a patent for your idea. Patentability and freedom to operate are two separate analyses which do not necessarily overlap.

Q How much does an FTO analysis cost?

A The cost of an FTO analysis can vary based on factors such as the complexity of your invention and the number of potentially relevant patents (the crowdedness of the field). While there are costs associated with an FTO analysis, it's a prudent investment compared to the potential expenses of unexpected legal disputes. Based on the results of the analysis, an IP lawyer can suggest specific strategies to mitigate risks of costly legal disputes. For example, even if there are potential infringement concerns, a lawyer can help negotiate licensing agreements with patent holders, allowing you to legally use their technology.

Q What could happen if I proceed without conducting an FTO analysis?

A Proceeding without an FTO analysis can expose you to legal risks. If your invention is found to infringe upon existing intellectual property rights, you could face legal action that may lead to expensive litigation, damages, and injunctions. Other risks include wasted resources from developing and marketing an investment; reputational damage that can erode trust among partners, customers, and investors; and loss of market share to competitors when a business is forced to halt production or sales due to infringement issues.

Q Is an FTO analysis a one-time thing?

A While an FTO analysis significantly reduces the risk of being involved in legal action, it can't offer absolute certainty that you won't face disputes in the future. At any point after the FTO analysis is performed, new patents could be granted, or previously overlooked patents could come to light. However, a well-conducted analysis greatly improves your understanding of potential risks and ability to spot additional risks in the future.

As technology advances and the intellectual property landscape evolves, periodic updates to your FTO analysis are advisable. If you make significant changes to your invention or its features, you should consider performing a new FTO analysis to capture such features.

This Q&A topic is one of a series in
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