

# Best Practices while conducting a Freedom to Operate Study

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## Introduction

The number of patent infringement suits being filed has been on the rise over the years. While it may not always be possible for companies to anticipate such lawsuits well in advance, some of suits may have been anticipated, and some of the anticipated ones could have been avoided by taking precautionary measures. A Freedom to Operate (FTO) study is one such precautionary measure to anticipate patent infringement and provide a chance to avoid infringement. A comprehensive FTO study takes several things into consideration, such as purpose of the study, jurisdiction, R&D stage and nature of analysis desired, among others.

## Purposes of conducting an FTO

An FTO study may be conducted for one or more reasons, some of which are discussed below.

### Assessing infringement risks

One of the most obvious and primary reasons of an FTO study would be to identify third party patents that might be infringed in case a technology is commercialized. Hence, an FTO study can provide an insight into patent infringement risks associated with a technology.

### Uncover licensing requirements and opportunities

An FTO study may uncover essential patents for which licenses may have to be acquired to be able to commercialize the technology without being liable for infringement. While some of these patents might be available for licensing at reasonable terms, others might be held by direct competitors and may not be available for licensing.

Patents that are essential for commercializing a technology, but held by competitors may become a road blocks in successfully commercializing the technology. Even in such scenarios, an FTO



study may uncover essential patents that may be relevant to both the company and its competitors, but held by a party who may be ready to sell the patent. Acquisition of such patents may enable the company to bargain with competitors and engage in cross-licensing arrangements, thereby reducing the risk of patent infringement.

### **Provide direction to R&D activities**

An FTO study may also uncover patents that may not be essential for commercializing a technology, but may be infringed if technology is not tweaked to work around such patents. Identification of such patents may enable R&D teams to design products/process in such a way that the patents are not infringed. Hence, the study not only enables anticipation of infringement, but provides a chance to avoid infringement.

### **Right time to initiate an FTO study**

The right time to conduct an FTO study may vary based on various factors. In case a study is conducted at a very early stage, such as during an early technology conceptualization phase, the final technology may evolve in unexpected ways and much of the study may turn out to be inapplicable. Moreover, a very early study may not be able to determine the certainty of the risk, as the market needs and the patent landscape may change. On the other hand, waiting too long to conduct the study is also a problem, as it usually means that the project is too far along to change. Hence, a moderately early research is preferred or recommended over a late research to avoid unnecessary investment in research.

### **Prerequisites of an FTO study**

An effective FTO study can be conducted by collecting certain information at the initiation of the study. The quality of the information gathered may play a pivotal role in making the study effective. Such information may be provided by various stakeholders within the company, such as scientists, engineers, in-house IP counsel and business leaders. A short list of information that may be collected at the initiation of the FTO study, and the stakeholders who may furnish such information is provided below.

Information	Stakeholders
A detailed description of the technology, including a list of features requiring clearance	Scientists, engineers, in-house IP counsel
List of countries in which the technology has to be commercialized	Business leaders
A list of known competitors, patent holders, and/or patents that may be relevant to the technology	Business leaders and in-house IP counsel

## Scope of the search

Freedom to operate can never be determined with absolute certainty. This is because the patent landscape is dynamic, new patents issue, old patents expire, and some patents are abandoned. Therefore, freedom to operate does not imply absolute freedom from the risk of infringing someone else’s intellectual property. That is why there is a need to adopt certain practices while conducting a search, thereby, at least minimizing the risks of infringement. Some of the practices are discussed below.

## Granted patents

An FTO study should definitely concentrate of identifying granted patents that may be relevant to the technology. Granted patents may be of four types, which are listed below with comments on how to deal with them.

Granted patent	Comment
In force, with the renewal fee having paid	Caution should be exercised while commercializing technology claimed by such patents.
Lapsed due to non-payment of renewal fees, with the option of being reinstated	Should be tracked till the time reinstatement date is lapsed. Different countries may have different provisions for reinstating a lapsed patent. If reinstated, then caution should be exercised while

	<p>commercializing technology claimed by such patents.</p> <p>Generally such patents are good targets for acquisition, since the status of such patents indicates that the patent owner may not consider the patent to be worthy enough to be maintained.</p>
<p>Lapsed due to non-payment of renewal fees, without the option of being reinstated</p>	<p>One may explore the option of using the claimed technology without being liable for infringement of the patent in consideration. However, it may be noted that, there could be other patents which are in-force, which may be infringed upon by using the technology of the patent in consideration.</p>
<p>Expired after completing their full term</p>	<p>The technology disclosed in the patent may be safe to use, unlike the lapsed patent discussed immediately above.</p>

### Patent applications

An FTO study should also consider identifying patent application. Patent applications may be of three types, viz., patent applications awaiting examination, patent applications undergoing prosecution and abandoned patent applications. The first two types of patent applications may eventually issue and can have an impact on the FTO of the technology. However, in case of abandoned patent applications, one has to reconfirm whether any pending family application are present or not. In case pending family applications are present, then the disclosure of such applications will be relevant to the FTO study.

### PCT applications

An FTO study should also consider identifying PCT applications, which are designating the countries in which the technology is proposed to be commercialized. In any case, most PCT applications designate all the PCT contracting states. Hence, from a practical perspective, all PCT applications that still have the option of entering national phase may be consider in the study.



## Non patent literature

Non-Patent Literature (NPL) is usually not a primary source of data in an FTO study. However, NPL may provide one with knowledge and means of identifying potential competitors in the market. Further, NPL may be helpful while contemplating possible workarounds.

## Analysis in an FTO study

After having shortlisted patents and applications by conducting a search, the next step of the study may be analysis of the identified references. Various portions of a patent document and documents associated with the patent/applications may be relevant from an FTO perspective, some of which are discussed below.

### Claims

The claims, especially the independent claims, of the patents have to be analyzed in detail. The analysis may try to ascertain whether all the limitations of the claims are present in the technology. It may be noted that independent claims of pending patent applications may be modified before a patent is issued. Generally, one or more limitations of dependent claims may be introduced into the independent claims to facilitate patent grant.

### Prosecution history

The prosecution history of patents should also be considered during analysis. Claims are given the broadest reasonable interpretation in an infringement proceeding. Hence, considering the prosecution history in an FTO study may enable assessment of the scope of the claims and the likelihood of infringing the claims.

### Disclosure

Apart from considering the claims, the description of the patent application may be considered to anticipate claims that may be presented in future. It may be noted that, granted patents or abandoned patent applications, which have pending family patent applications may present claims, which are enabled by the disclosure. Hence, in cases where a patent family has at least one pending patent application, the disclosure as a whole (not just the claims) may be of relevance in an FTO study.



## Conclusion

FTO studies are among important tasks involved in defining IP strategies. An effective FTO study involves gathering relevant information at initiation, considering the right data for search, using comprehensive search strategies and holistic review of relevant references. Although an FTO study cannot guarantee an absolutely risk free landscape, it does mitigate risk to a substantial extent by showcasing opportunities to acquire patents, cross license, work around and invalidate patents.

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