

Freedom To Operate (FTO)

A Freedom to Operate (FTO) analysis is conducted to assess whether a proposed product or service may be exploited (made, used, sold etc) without infringing third party intellectual property rights. This analysis is often carried out at the behest of investors or to obtain grant funding, to reassure those putting money into the business that the product or process can likely be commercialised in the market(s) of interest without infringing third party rights.

An FTO is normally made up of two main stages – in the first stage, a detailed patent search is carried out to identify already granted patents, as well as any pending patent applications which may be granted, which are enforceable in the jurisdiction of interest. In the second stage, a patent attorney reviews the identified documents to assess the likelihood of a patent court finding that your product or process falls within the scope of the patent claims, and then prepares an opinion on the level of risk identified. While an FTO can provide a good indication of the level of risk associated with proposed activities, it is never 100% possible to guarantee that there is no risk. This is due to a number of factors, including the possibility of documents not being identified during the search due to classification or searching errors; the existence of relevant pending, but as yet unpublished, patent documents; and the subjective nature of opinion work. However, a comprehensive FTO should provide a good indication of the level of risk associated with the proposed activities, and in cases where risk is identified, allow this risk to be mitigated. For instance, it may be possible to re-work your proposed product or service to avoid falling within the scope of any relevant patent claims.

When should an FTO be obtained?

There is no set timeframe for when an FTO should be carried out. If an FTO is carried out too early, before details of the product or service being developed have been fully established, then the FTO might uncover a broad range of potentially relevant patents. On the other hand, if the FTO is carried out at a late stage of development, significant time and money may have been invested in a product or service that cannot be commercialised as desired, or worse still, which has to be taken off the market after launch. A balance should therefore be struck to time an FTO appropriately to take account of these considerations. Alternatively, an early stage ‘scoping’ FTO, followed by a late stage FTO to cover the specific product or service that has been fully developed, can be considered if budget allows.