

Benefits and limitations of FTO analysis

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In addition to protecting their own intellectual property, sustainably successful companies ensure that they do not infringe the property rights of third parties wherever possible. Therefore, an important task of patent departments or patent managers is to check the freedom to operate (FTO), particularly before launching new products on the market. This is to ensure that the company is not prevented from launching a product on the market by competitors on the basis of a property right or sued for patent infringement. For this purpose, an FTO analysis is carried out – if necessary with the support of external experts.

Preparations

The first step is to check which properties of a product or process are so new that other IP rights may already be registered for them. In individual cases, this may be the entire product. In the case of further developments, it is often individual technical details from which features can be derived for a search. At this point, it should also be checked whether separate property rights, e.g. a patent, can be registered for the identified features. In addition to the technical features, non-technical features, such as the configuration and design, can also be protected or placed under protection.

In principle, the more concrete the description of the (technical) properties of the product to be analysed, the more reliable the result of the FTO analysis will be.

In addition, the markets in which the product is to be offered should be decided at an early stage. As industrial property rights only have a national or regional effect, there is no need to consider Asian or American property rights, for example, if it is clear from the outset that production and marketing will be limited to Europe. In this way, the effort and costs for an FTO analysis can be significantly reduced.

It should also be noted here that an own patent application, a positive search opinion or examination notice from the patent office or even a granted own patent cannot replace an FTO analysis. This is because the exercise of one's own patent can also infringe the rights of third parties. In other words, an FTO analysis is necessary regardless of your own property rights. However, synergistic effects can often be utilised between FTO analysis and the drafting of patent applications.

The "right" time for an FTO analysis

It is well known that the development of a new product is a process that can take several months or even years. On this path – which is often not straightforward – a product idea matures through various possible designs to one (or more) functional model(s), a prototype and finally to the product ready for series production. During this development process, original designs are discarded, and new features are often added. This raises the legitimate question of when it is best to carry out an FTO analysis. The same considerations can be applied to a patent application, as the scope of protection should ultimately protect the product ready for series production.

If the FTO analysis is carried out too early, the technical concept may not yet have been finalised and the analysis will be designed for the "wrong" features. If, on the other hand, the FTO analysis is not scheduled until shortly before the market launch, then the characteristics for a corresponding search can be

optimally worked out. However, there is a possibility that the FTO search will produce a clearly negative result. This means that the developed product would infringe third-party patent claims, and, in the worst case, all the development work would have been in vain.

A practicable way out of this dilemma is to conduct a relatively broad overview search at the beginning of the development work to gain an initial overview of relevant property rights and to carry out a specially designed FTO search at a later stage when the development is already well advanced.

A patent attorney can evaluate the relevant property rights and, if necessary, provide information on the respective scope of protection and a possible infringement by the planned product. In addition, based on an evaluation of the overview search, a suitable strategy can be developed for applying for your own IP rights.

The Freedom-To-Operate (FTO) search

Even though all major patent offices now provide free online access to their respective patent databases, a search for IP rights, especially technical IP rights, should be carried out by experts with the support of suitable software tools and using professional databases. Compared to a manual search via search portals or database queries at the patent office, an expert search is more thorough, precise and efficient.

FTO searches are always a difficult balancing act for the searcher. On the one hand, completeness must be ensured so that no relevant documents are overlooked. On the other hand, the number of documents to be analysed in detail must be limited. This requires a great deal of experience. Established search service providers such as Serviva GmbH, for example, process well over 100 FTO searches per year.

After identifying a suitable basic set of IP rights with the help of a suitable search profile, the searcher compares the claims of the patents or patent applications with the features to be analysed in a detailed analysis in order to

make an initial relevance assessment. Ultimately, the number of documents to be analysed determines the time and effort required for the analysis.

In an FTO analysis, only "living" IP rights are of primary interest, i.e. granted patents that are in force in the countries relevant to the product or pending patent applications for which a decision on grant is still pending. Only these property rights represent a potential risk with regard to freedom to operate. However, it often makes sense to include patents that have already expired in the search. If such IP rights are found to accurately describe the search features as so-called "free prior art", these documents can possibly be used in opposition proceedings to neutralise "interfering" IP rights.

Evaluation and processing of the search result

The evaluation of an FTO search and the assessment of the IP rights categorised as relevant requires a high level of experience and expertise. While the patent departments of larger companies employ specialists for this purpose who carry out such a risk classification in co-operation with the technical experts, otherwise the advice of an expert patent attorney should be sought.

If a potential risk, i.e. one or more "disruptive" IP right(s), is identified in the course of an FTO analysis, there are various options for action. If the patent has already been granted, an attempt can be made to develop a workaround solution or to question the patentability of the 'interfering' IP right (keyword: opposition or nullity action). Alternatively or in addition, there is the possibility of entering into negotiations with the patent holder for (cross-)licensing. For these negotiations, it is advantageous to have a strong and focused IP portfolio of your own.

If the 'interfering' property right has not yet been granted, it should be included in a patent monitoring system so that a timely response can be made to a change in legal status. In this case, it is possible to wait and see whether and, if so, to what extent the patent will be granted by the competent patent office at a later date.

Limits of an FTO analysis

A professional FTO analysis can provide a high degree of certainty, but not 100% certainty. There are several reasons for this:

Firstly, there is always a "blind spot" of property rights that have already been filed for but not yet published. This means that you cannot be completely sure whether an IP right has been filed in the 18 months prior to the search date that could lead to difficulties later on. To solve this problem, it is advisable to update the FTO search after about 18 months in order to be able to find such applications with certainty.

Particularly in the case of complex technologies and products with a large number of features, it is not always possible, taking into account a reasonable cost-benefit ratio, to fully examine all the IP rights in question. A way must be found here to optimise security at a reasonable cost.

In the case of IP rights classified as 'relevant', it is often not easy to decide whether one's own product or process is possibly covered by patent protection or not. The interpretation of individual patent claims and, in particular, the case law on equivalence in the case of slight variations offer scope for different interpretations, so that the result of FTO analyses should not be viewed in a purely 'black and white' way of thinking, but the 'shades of grey' must also be taken into account. While the results of FTO analyses are integrated into clear processes at large companies and taken into account in risk management, it is advisable for smaller companies to seek the support of a patent attorney.

Sometimes the interpretations and thus the scope of protection of an IP right with the same wording differ from country to country, which is why in special cases it may also be necessary to consult other national experts, whereby a patent attorney usually has a worldwide network of such experts.

Summary

FTO analyses are an indispensable part of development work for innovative companies in order to minimise the risk of costly patent infringement claims by third parties. They require a great deal of care in preparing the information in advance and a high level of experience in the subsequent patent search in order to find an efficient way to fulfil the requirements for the completeness of the documents. Compromises are sometimes necessary in order to maintain a reasonable cost–benefit ratio. The searches for own patent applications can often be combined with an FTO search.

Analysing and evaluating an FTO search is the task of patent attorneys. The result can have a direct impact on further development work and the design of products or lead to an in–depth examination of the patent documents classified as relevant. For example, the legal validity of interfering patent claims can be checked, and appropriate proceedings can be initiated.

The well–considered definition of the search characteristics and the timing of the search are decisive for the success of an FTO search so that you or your company can successfully realise your ideas and products on the market.