Freedom to Operate

Prevention is the Best Medicine

April 19, 2017

Launching a new product or service can be fraught with uncertainty and involve large expenditures of limited resources. An FTO opinion can reduce uncertainty and provide some insurance against loss from an unfavorable finding of infringement of another's patent.

An FTO opinion makes a determination whether a product or service infringes issued patents. In other words, the opinion indicates whether or not there is "freedom to operate" for the product or service within the patent landscape. Often, FTO opinions also identify patent applications that, if later issued as patents, may be problematic.

I already have a patent and/or a patentability opinion; do I need an FTO opinion as well?!

A patent gives the holder the power to stop others from making or using the product or service but does not give the holder the right to practice the invention. There are many instances where practicing the patented product or service would infringe another patent. For instance, Patent A may claim a method of making a drug by steps 1, 2 and 3. Another patent claims only steps 1 and 2. The inclusion of step 3 allowed the method of Patent A to be patented but performing the patented method may still infringe the other patent. Alternatively, Patent A may claim a new drug. However, the method of producing the new drug may infringe another patent. Thus, possessing Patent A or a favorable patentability opinion regarding Patent A does not necessarily show that the invention of Patent A can be practiced without infringement.

Ok, I see the value in an FTO opinion. How much do they generally cost?

The cost of a formal FTO opinion is often in the $10,000 to $30,000 range. There are often a lot of initial patents to examine and construing the meaning of potentially conflicting claims can be time intensive. However, an FTO opinion may help prevent substantial losses from having to withdraw or reconfigure a product or service after market entry. Further, the findings of an FTO opinion may initiate negotiations with a potential licensor before market entry, obviously a far better time point then after market entry. Possessing an FTO opinion can also help prevent the award of triple damages in an infringement suit as evidence that the infringement was not willful.

When should I obtain an FTO?

Ideally, an FTO opinion should be prepared as soon as most of the specifics of the product or service are set. Having a clear picture of the product or service will improve the efficiency of the patent search and the applicability of the FTO opinion. The earlier the FTO opinion is prepared, the less time and money will be wasted if the product or service needs to be modified or shelved due to infringement concerns.

The launch of a new product or service can involve a tremendous amount of time and money. If a competitor can show that the new product or service infringes their patent, these resources may be wasted. A Freedom to Operate (FTO) opinion can reduce the possibility of this scenario, conforming to the old maxim that "Prevention is the Best Medicine."

For more information, please contact a member of Morse's Patent Group.