

Freedom

to

A patent gives its owner the right to exclude others from the invention claimed in it but does not give the owner the right to make, use, or sell that invention in the marketplace. Whenever a company plans to develop and launch a new product, there is always a risk that commercialization could be blocked or severely limited by a competitor who holds a similar patent or a patent on a contributing element of the new product. Freedom to Operate (FTO) is thus an essential consideration for companies wishing to minimize their patent infringement liability risk.

What Is a Freedom to Operate Analysis?

The purpose of an FTO analysis is to ensure that the production, use, or sale of a new product does not infringe the patent rights of others. When preparing an FTO opinion, we begin by identifying existing patents that cover technologies similar to our client's and then assessing the risk of patent infringement litigation they pose. We can often "clear" many of these patents as posing little or no risk of litigation; but our search may uncover patents that appear to cover our client's product or elements thereof—called "high-risk" patents—and these can limit our client's freedom to operate.

There are several courses of action available to overcome the risks posed by high-risk patents, including:

- **Designing around the patent**
- **Licensing the patent**
- **Purchasing the patent**
- **Challenging the validity of the patent**
- **Delaying commercialization until the patent expires**

Based on our careful analysis of the patent landscape, we will then recommend and, in many cases, pursue the most advantageous strategy for our client.

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Fish attorneys are experts at evaluating the patent landscape of our clients' industries, identifying risks, and proposing creative solutions. As trusted counsel to a broad range of companies of every size and in every industry, there are very few legal, technical, or business issues that we have not encountered over our 140-year history. Most of our patent attorneys also had long and distinguished careers in the field before joining Fish, giving them an insider's perspective on the concerns that matter most to their clients. As such, we approach FTO matters not merely as advisors but as strategic partners in our clients' endeavors.

Do You Need a Freedom to Operate Opinion?

FTO opinions can be particularly useful for companies in certain situations, such as:

- Companies raising a financing round in which investors will be putting significant sums at risk
- Companies launching products in markets that are particularly crowded, competitive, or litigious
- Companies that would suffer severe financial harm if infringement litigation resulted in an injunction

However, keep in mind that obtaining an FTO opinion does not guarantee that your company will not be sued for patent infringement; it only minimizes the risk and identifies patents of concern. FTO opinions can also be costly, depending upon the complexity of your product and the industry in which you operate. When deciding whether to obtain an FTO opinion, consider the expected value of your product and your ability to tolerate risk—the higher the profit margin or the investment required, the more prudent an FTO opinion becomes.

IP Practice Group of the Year

Law360, 2018

Why Obtain a Freedom to Operate Opinion?

There is no legal requirement for a company to obtain an FTO opinion before taking a new product to market, but doing so can nevertheless provide a number of advantages to companies both large and small. Most important among those is that obtaining an FTO opinion can aid in defending your company against charges of willful infringement (and the possibility of treble damages) by competitors. It can also assuage investors' concerns about the marketability of your product by minimizing litigation risks. In fact, many investors often require an FTO analysis as a condition of their investment. And if the FTO opinion uncovers high-risk patents, your research and development teams can then steer product design around them.

Launching a new product always poses unknown risks for any company, but an FTO opinion can identify at least some of those risks and provide the basis of a strategy for mitigating them. At Fish, we work closely with our clients to understand their product, their industry, and the unique challenges they face, and then we propose creative solutions to maximize the value of their IP. For more information about FTO analysis and counseling, please contact your Fish attorney or visit fr.com.

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