FTO analysis: a king among patent searches

Developing and refining products and services is a complex and costly process. Mistakes become exponentially more expensive as this process progresses and can – if they occur at a late stage owing to problems with the production or sale of finished products – easily cost hundreds of thousands, or even millions, of euros.

It is therefore vital to determine whether certain devices, products or processes can be used without infringing third-party intellectual property (IP) rights, thus allowing potential problems and legal disputes to be identified at an early stage and avoided. This can also help with the development of workarounds and provide detailed insights into the market and competitive environment.

The tool used to assess these risks is a freedom-to-operate (FTO) analysis. It identifies and makes a detailed assessment of any IP rights or applications at risk of being infringed. Without it, companies put themselves at great financial and strategic risk: the cost of bans on the production or sale of important products owing to the existence of valid third-party IP rights can far exceed that of performing an FTO analysis.

The analysis should not be limited to the infringement risk posed by fully developed products or processes as problems can even arise in the R&D phase, e.g. with the use of protected processes, devices or products. Typical situations in which an FTO analysis is carried out include:

– Conceptual and design phase during product development
– Market launch of a new product
– Product upgrades
– Licensing negotiations

A sound FTO analysis depends on co-operation between individuals with in-depth specialist knowledge of, or access to patent information or searches in the technical field in question and individuals with patent and legal expertise. Another factor is an appreciation of the customer's overall situation and needs.

You begin by defining the subject-matter of the FTO analysis, i.e. the product or process features that are essential for the customer (this can take the form of a feature table), and the countries for which the analysis is to be carried out.

Then you carry out an FTO search based on a strategy developed to determine whether the subject-matter of the analysis falls under the scope of protection of any granted patents, patent applications or utility models. For this, you determine suitable keywords and potentially relevant patent classes in close co-operation with the customer, who can supply the names of key competitors, technical terms, synonyms, trade names, etc.

Key aspects of FTO searches

Objective	To identify IP rights that could hamper the commercialisation of a product or process
Search focus	Patents and utility patents in force in the region in question
Tools	Best possible databases providing broad coverage and legal status information and allowing searches in the claims and description
Take into account	Claims plus description; equivalents
Final report	Subject-matter of search; search strategy; databases used; list for patent attorney indicating the relevant documents and the relevant claims and text passages therein

FTO searches look for potential infringements of IP rights, so the focus is on the content of claims. However, as claims may change based on the description during the course of the patent granting procedure, you also have to analyse the content of the description.

Yet it is important to note that the scope of protection is not solely determined by the terms of the claims, interpreted on the basis of the description and any drawings. You also have to take account of equivalents (within the meaning of the Protocol on the Interpretation of Article 69 EPC)[1]. When choosing documents for further analysis, this means not only selecting documents with a technical content that corresponds exactly to the subject-matter of the FTO analysis, but also selecting documents that describe reasonably similar content.

FTO searches look for patents, patent applications and utility models in countries in which the subject-matter in question is intended for commercial use. You therefore have to consider supra-national documents like European patents and PCT applications in addition to national documents. PCT applications in particular can be unspecific and have a very broad scope of protection. You also do not know whether they will result in valid IP rights in the countries relevant for your search.

FTO searches are best carried out using high-quality patent databases covering a broad range of technologies as these will also cover related areas. They should also indicate the legal status of potentially relevant patent documents. Moreover, the selected databases must indicate any IP rights which are currently valid, or could be in the future. In order to do this, the databases must go back at least 20 years or considerably further into the past if supplementary protection certificates are granted for the technology in question.

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In consultation with the customer, it may also be worth including non-patent documents and other free prior art in FTO searches in order to obtain more accurate reports on the validity of granted IP rights and on the freedom to operate. This means taking other IP rights into account as well, as a device or product could also be protected e.g. by a design right.

The higher the economic significance of an FTO analysis, e.g. in the case of particularly important products and high liability risks, the more important it is to support the analysis, e.g. through several FTO searches conducted by different, experienced patent searchers or through FTO searches in different databases.

At the end of the FTO search, the results must be suitably documented for further evaluation, usually by a patent attorney. This includes a well-structured search report defining the search subject-matter and describing in detail the search strategy and databases used, including their features and data coverage.

The IP rights and applications identified during the search can be listed in a table containing the most important bibliographic data including patent family members as well as information on any claims the subject-matter of the FTO analysis could infringe, passages in the description relevant for the evaluation and the legal status of the selected documents.

Even if the greatest care is taken, there will always be a degree of uncertainty with FTO search results. This is not only explained by the usually-incomplete coverage of the databases used and the equivalents problem mentioned above, but is sometimes attributable to the patent systems themselves, e.g. because patent applications are usually only published after 18 months. FTO searches should therefore be updated, at least for particularly important analyses. However, this uncertainty should not stand in the way of FTO analyses, which are often very important when it comes to making commercial decisions.

1) See www.epo.org/law-practice/legal-texts/html/epc/2013/d/ma2a.html

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