

CLIENT ALERT

March 17, 2022

1

FREEDOM TO OPERATE OPINIONS: WHAT ARE THEY, AND WHY ARE THEY IMPORTANT?

by *Andrea L. Arndt*

What is a freedom to operate opinion, and why is it important?

A freedom to operate opinion (FTO) is a legal opinion from a qualified intellectual property attorney that concludes a proposed commercial product or process may be made, used, sold, or offered for sale without infringing another party's intellectual property rights. Although there is no legal requirement for a company to obtain an FTO opinion before taking a new product, process, or service to market, obtaining one can be very beneficial as a preemptive measure to aid in defending a company in patent litigation against assertions of willful infringement and exposure to treble damages. By minimizing litigation risks, an FTO opinion can also minimize potential investors' concerns about the marketability of the company's product, process, or service.

How to obtain a freedom to operate opinion?

An intellectual property attorney can conduct the FTO search and analyze the results. The FTO analysis typically includes search results for issued patents and published patent applications that cover technologies similar to the company's technology and an assessment of any patent infringement litigation risk those patent matters may present. Often the analysis can clear many of these patents as posing little or no risk of litigation. In some instances, the search may uncover patents that appear to cover the company's product where certain product elements can limit the company's freedom to operate.

At Dickinson Wright, we often also conduct searches for design patents, trademarks, copyrights, and competitor products to evaluate trade dress rights. If we find anything of concern, we may conduct a litigation search to determine how litigious a third-party patent holder has been concerning and protecting its intellectual property rights. After the searches, and provided your attorney concludes that you are clear to proceed with launching your product, process, or service, your attorney will prepare the FTO. Essentially, the FTO opinion can give a company the green light to bring a product, a process, or a service to market and shield it against a later judicial finding of willful infringement and exposure to enhanced damages arising from acts of willful infringement.

What if we find a potential patent limiting the company's freedom to operate?

If the freedom to operate analysis uncovers one or more high-risk patents, the company's research and development team can be informed of the issues involved and can be advised of what needs to be avoided and/or modified of its own product, process, or service to avoid

infringing the patent(s). In other words, when faced with a potential issue, your attorney can work directly with your team to help identify and navigate potential paths around a third party's patent(s).

When to pursue a freedom to operate opinion?

There are several stages in which a company may wish to pursue an FTO:

- Before launching products in markets that are particularly crowded, competitive, or litigious;
- Before raising a financing round in which investors will be putting significant sums of money at risk; and
- If the company would suffer severe financial harm if patent litigation resulted in an injunction of its product, process, or service.

For more information, please reach out to one of our [intellectual property attorneys](#) today.

ABOUT THE AUTHOR



Andrea L. Arndt is a Member in Dickinson Wright's Austin office. She can be reached at 737.484.5536 or aarndt@dickinsonwright.com.