Kilpatrick

Insights: Publications

Patent Freedom to Operate for Technology Follower Companies

June 12, 2020

Written by **Paul C. Haughey**

Often a technology follower company is trying to make a similar product to one in the market, but may not have the budget for a full Freedom to Operate review. However, potential IP litigation risk could be significant to the technology follower company and it should not be ignored. Even for a limited budget, a targeted review will often identify most of the risks of possible patent litigation down the road. If identified in a timely fashion, those risks can often be dealt with in a variety of ways, such as through design-around, or an invalidity or non-infringement review. Thus, a freedom to operate review is a cost effective way for the technology follower company to identify and control patent litigation risks.

The first step is to focus the search on the patents of competitors in the market. Those can be triaged by looking at the ones that have been litigated first. Some of those may have been successfully challenged in the Patent Office and invalidated.

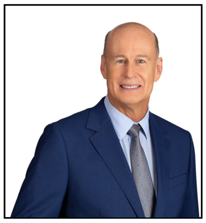
Relevant patents with narrower claims can often be designed around. There may be a feature claimed that is not in a current product, and thus is not a problem. Or it may be a minor feature or exotic feature that can be eliminated from the follow-on product without significantly diminishing the value of the product. Still, it may be a feature that can be substituted using an alternative solution and the product may not suffer much cost/effectiveness loss. Guidance can be given to the product design team accordingly.

Patents with broader claims are more likely to be invalid. The competitor search can be supplemented with a key word search for broad patents in the product area. Such a search will often turn up prior art to the competitor patents. The prior art can then be evaluated to assess likelihood the patents will be invalidated if disputed. Either an opinion can be prepared to show invalidity, or a calculated risk can be taken based on a review of the prior art that suggests the competitor patent is likely to be invalid.

Sometimes, the search may turn up some patents that appear to be very fundamental in the technology area pursued by the technology follower company. In these situations, it is often beneficial to identify these blocking patents and handle the risks earlier in the product development cycle. Strategies should be developed to prepare for the risks. For example, a patent broker may be used to search for and buy a patent that covers the competitor product, or any other product of the competitor, to have something to cross-license in the event of a lawsuit. We at Kilpatrick Townsend have helped clients do this. Alternately, an improvement to the product design can be developed and patented to provide such a cross-license opportunity. Since the competitors are usually selling more products, this provides disproportionate leverage – the competitor will have the risk of larger damages with larger sales.

A Freedom to Operate review insures you are developing the product with eyes open, instead of flying blind. It should be done before the product design is finalized.

Related People



Paul C. Haughey

t 415.273.4787

phaughey@ktslaw.com