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# Balancing Product Development & Patent Risk

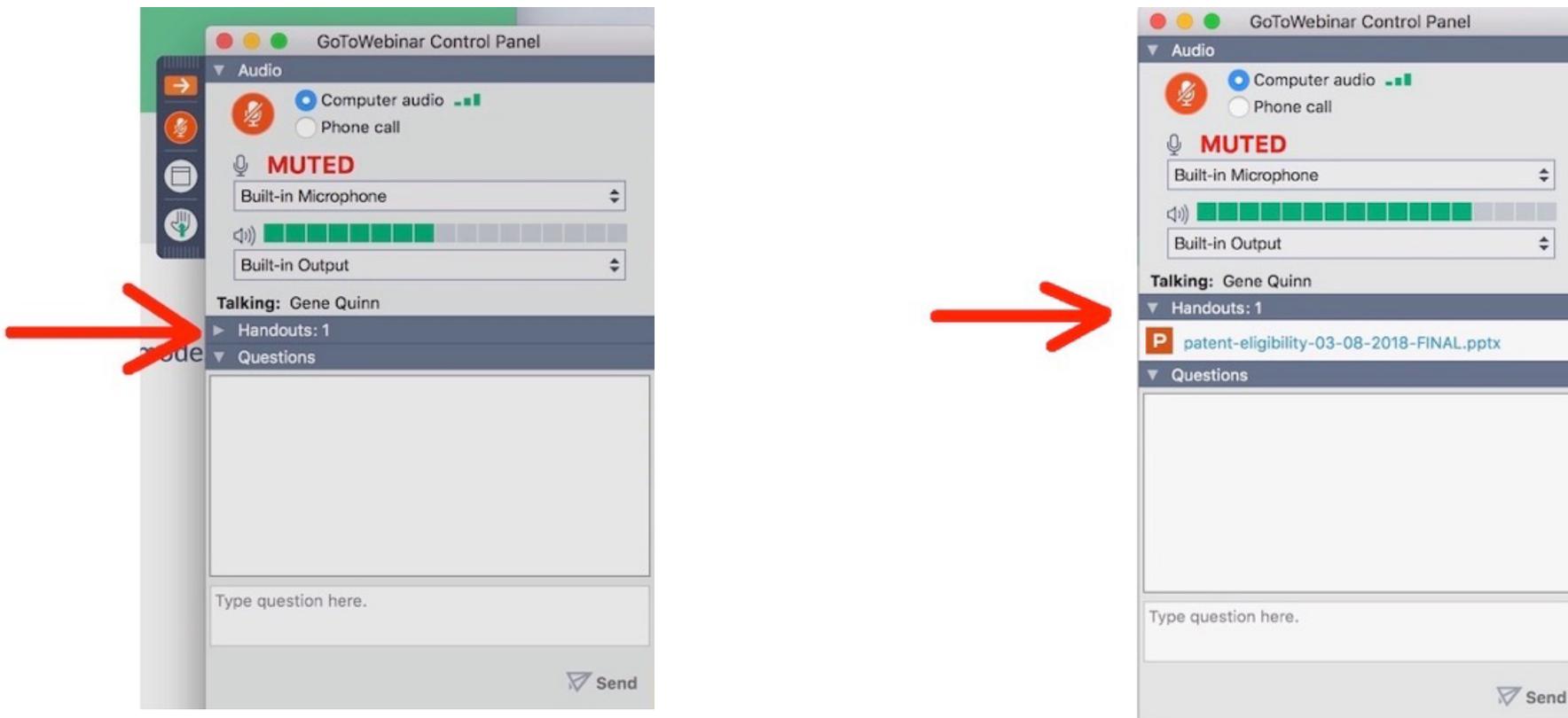
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Freedom-to-Operate and Avoiding Liability in the Face of Mega Verdicts

September 22, 2021

## Access the PowerPoint Presentation Under “Handouts”

These slides and a webinar recording will be e-mailed to all registrants.



# ClearstoneIP

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## Our Mission:

To pioneer the industry standard for digital freedom-to-operate management.

## Clearstone FTO is a purpose-built patent clearance management platform that:

- Accelerates patent clearance review by more than 30-40%.
- Increases collaboration and transparency through a modern, easy-to-use web platform with configurable access controls.
- Captures and memorializes patent analysis to build institutional knowledge and retain historical work product.



# Our Panelists



**Christopher Patrick**

Special Counsel, Baker Botts



**Jennifer Russell**

Associate General Counsel,  
Surgalign Spine Technologies



**Gabe Sukman**

Founder & CEO, ClearstoneIP



**Gene Quinn**

President & CEO,  
IPWatchdog

# Agenda



- Are FTO investigations necessary for risk mitigation today? I.e. Why are we here?
- When and how often should FTO investigations be performed?
- How should counsel best manage FTO investigations to foster an agile, collaborative process while preserving attorney-client privilege?
- What is the deliverable?
- How do we plan for the continuous and iterative FTO process and best leverage work from prior investigations?

# Are FTO investigations necessary for risk mitigation today?

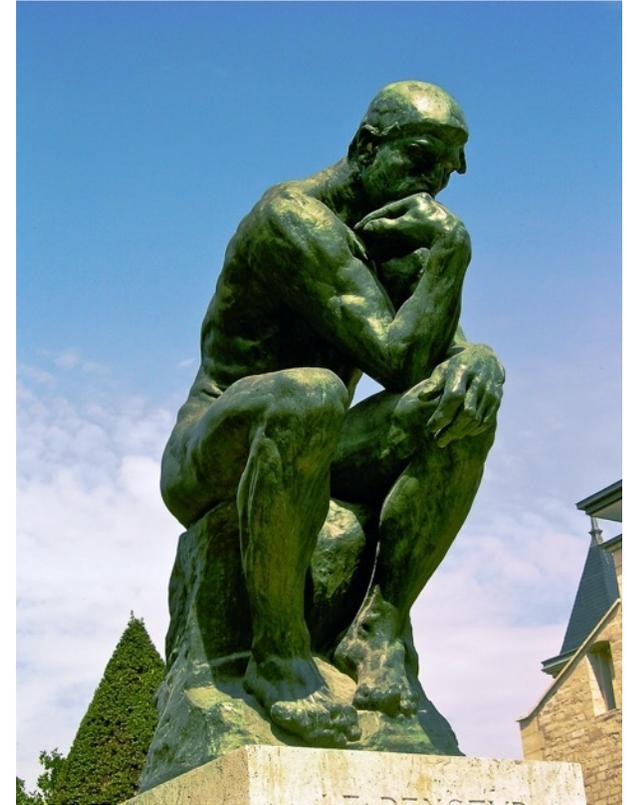
- Damages have escalated; need to reduce risk
- FTO infuses competitive awareness into product design:
  - Promotes enhanced innovation.
  - Identifies areas to seek patent protection
- Is there a duty to perform FTO?
- What about willful blindness?
- What is the balance?

# **Are FTO investigations necessary?** *(cont.)*

- What level of analysis should be done?
  - Engineer/scientist assessment?
  - In-house counsel review?
  - Outside counsel review?
  - Obtain non-infringement or invalidity opinions of counsel?

# When and how often should FTO investigations be performed?

- *Halo v. Pulse* (US Supreme Court 2016) changed the law to make the subjective state-of-mind inquiry more important.
- Court will look to the defendant's state of mind *at the time of the alleged activity*. I.e., when the product was made or sold.
- FTO is iterative: continue to demonstrate diligence throughout the product development cycle.



# How should counsel best manage FTO investigations?

- Bring R&D back into the loop?
  - When? How? Who?
  - Manage R&D time commitments
- Preserving attorney-client privilege
- Should FTO be performed in-house or by outside counsel?



# What is the deliverable?

- Summary results or specific action items?
- What format is appropriate and who is the audience?
  - Oral summary
  - Document (e.g., Word, Excel, PowerPoint)
  - Electronic database/knowledge management

# How can we plan for the continuous and iterative FTO process and best leverage work from prior investigations?

- Risk assessment/clearance is not “one-and-done.”
- Events to monitor:
  - Changes in product design and effects on previous analysis
  - Newly issued patents
  - Prosecution of pending applications
- Revisit FTO at each product milestone (e.g., concept stage, initial development, design freeze, market launch, etc.) and when new features are added.



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# Thank you

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