

Patentability Searches and Patent Clearance Searches - Why the difference is critically important to your business

by Michael Buck

Tell me, are you taking steps to ensure that you'll be free to make and sell the products you're developing?

Specifically, are you incorporating competitor monitoring and freedom to operate, i.e. "clearance" searches into your product development pipeline?

My guess is that you're not because you don't realize that there is any need for them.

Many business people are unaware of the actual right that a patent confers

One of the reasons that businesses innovate is to gain possession of products that will give them access to larger market share. This is because innovative products are readily marketable, i.e. they make gaining consumer attention easier because innovative products by definition incorporate a point of difference that is attractive to potential consumers.

Since innovative products are valuable, IP aware business owners often take steps to prevent competitors gaining access to them by securing patent protection.

It is at this point that confusion frequently arises due to the fact that the nature of the patent right is not well understood.

Many people in business are not aware of the actual right that a patent confers.

The Patent Right in a Nutshell

An Australian patent confers on the patent owner the right to stop others, within Australia from exploiting, e.g. making and selling, product falling within the scope of the patent's claims. This is an exclusionary right by which a business owner can stop competitors from exploiting a patented product. It is not a statutory monopoly and it does not give the patent owner the right to commercialize the product without taking into account the rights of others. So you see, patent ownership is no guarantee that making the patented product will not infringe other parties' earlier patent rights.

Ownership of a patent for a product is not a defence to a third party's allegation that your exploitation of the product constitutes an infringement of a patent owned by that party.

Patentability Searching

A clear patentability search doesn't imply freedom to operate

During the patenting process in Australia a patentability search will be conducted. This may occur as a preliminary search, typically conducted by a patent attorney prior to preparing and lodging a patent application with IP Australia. Alternatively, if a standard patent application is filed then during examination IP Australia will conduct its own search in

order to determine whether or not the patent application complies with novelty and inventive-step provisions of the Patents Act.

Neither a preliminary patentability search, nor an official search conducted during the examination process, constitutes a freedom to operate search.

By "freedom to operate" I mean the freedom to manufacture, sell and otherwise exploit the invention in Australia, or some other specified jurisdiction, without infringing other parties' intellectual property rights. The third party intellectual property rights I have in mind are copyright, design registration, patents and trade marks.

To understand why patentability searches can't be relied on to indicate freedom to commercialize the invention, you need to understand what a patentability search actually involves.

What is a patentability search?

In order to perform a patentability search the first step is to determine exactly what it is that is to be searched. If a patent specification hasn't already been prepared then a candidate patent claim will need to be constructed from the inventor's description of the invention.

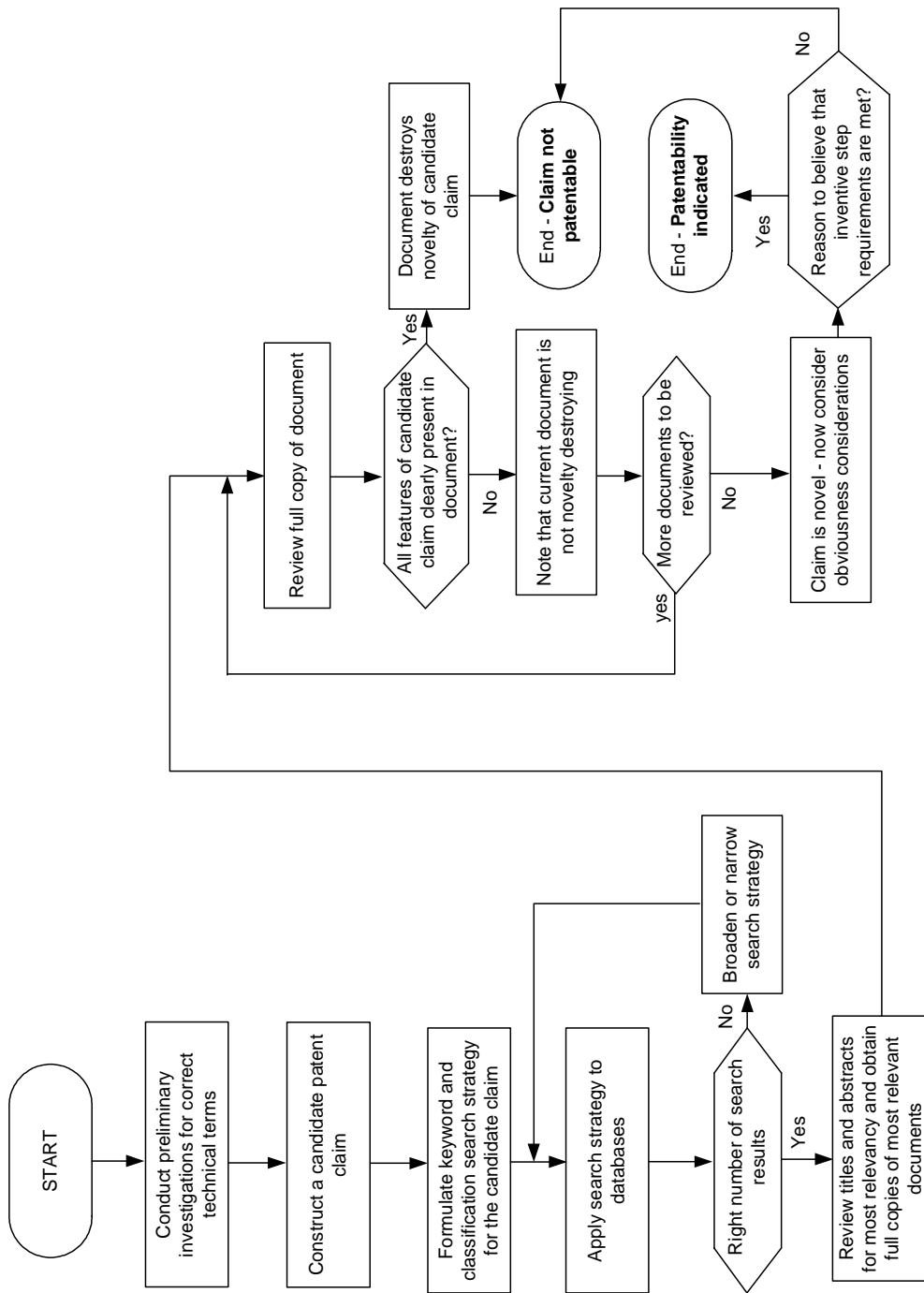
For example, a patent claim for a rocking chair might be as follows:

A chair including:
a seat;
a pair of curved rockers supporting the seat; and
a stop fastened on the underside of each rocker to prevent over-rocking of the chair.

In this example the features of the claim are a seat, pair of curved rockers, and stops arranged as detailed in the claim.

During a patentability search, documents are sought that were publicly available, as of the earliest priority date of the patent application, and which clearly disclose all of the features set out in the claims. (A flowchart for a prior art patentability search appears over page.)

The search typically starts by considering the claim and developing a list of keywords, i.e. synonyms for the features of the claim that are used in the particular technical area of the invention. Usually the inventor can help in coming up with a list of keywords. General internet searches can also help and sometimes direct hits are found at this preliminary stage which clearly demonstrate that the invention is already known so that further searching is unnecessary.



A Prior Art Patentability Search Procedure

Each patent document has searchable subject matter classification codes assigned to it by the issuing patent office. These classifications are used in formulating the search strategy. Apart from keyword searching the search strategy should also make use of classification searching.

Once the search strategy has been finalized it is applied to databases that are most likely relevant for searching. Usually the search will include the patent databases of at least the U.S.A., Japan, Europe and the World Intellectual Property Organisation. However, in some cases it may be wise to search in other databases as well. For example, a search for a device for shearing sheep should include the database of the Intellectual Property Office of New Zealand since that country has one of the largest sheep rearing industries in the world.

Apart from searching patent databases, documents in academic and trade collections are also relevant and should be searched if possible.

Documents published anywhere in the world, are relevant to patentability

Since the Australian Patent Act provides for an absolute novelty base the searcher may look at documents published anywhere in the world, not just Australia. The searcher may also look at documents that are in languages other than English.

If the searcher finds a document that includes all of the features of the claims then the claims will be deemed invalid for lack of novelty.

If it turns out that none of the documents that are located singularly includes all of the features of the claim under consideration, then the claim is deemed to be novel.

In that case the next consideration is whether or not the claimed invention is also likely to be inventive in light of the search results and the common general knowledge in the relevant field.

So you see, this kind of search is undertaken to answer only one question, that question is, "is the invention patentable"?

Freedom to Operate Searching

In contrast to a patentability search, a freedom to operate or "clearance" search is concerned with identifying intellectual property rights, owned by other parties, that are enforceable in Australia and which might be infringed if you start to make or sell the product in question.

A finalized product offering can potentially infringe any of the types of intellectual property shown in the chart over the page.

Obtaining absolute certainty no of intellectual property has been infringed is virtually impossible. Rather, the aim of a clearance search is to provide a desired level of comfort and to provide documentary evidence that pains have been taken to avoid infringing any third party IP rights.

IP-Type	Example of the area of the product affected	Clearance Strategy
Patent	Functionality of the product	Search non-lapsed Australian patents and patent applications for each potentially patentable aspect of the product
Design Registration	Finished external appearance of the product	Search published Australian design applications and Australian registered designs
Registered Trade mark	Brand name or logo under which the product is sold	Search IP Australia trade mark register
Copyright	Software, operating manuals, photos of the product	Check that no copyrighted material was knowingly used without authorization during creation of the product
Integrated Circuit Layout	Integrated circuit layout	Check that no IC layouts were knowingly used without authorization
Unregistered Trade Mark	Brand name or logo under which the product is sold	In addition to trade mark register, search telephone directories, trade directories, internet etc. to see if the brand that you have settled on is already in use

Patent Clearance Searching

To better understand that this is so, suppose you were a consumer electronics manufacturer planning to put a new car CD player-radio into the Australian marketplace and wanting an assurance that doing so will not infringe any third party IP rights.

If we consider just patent rights then theoretically any aspect of the product, from the casing to the various internal circuits, CD handling assembly, low noise amplifier, etc. could be the subject of a patent claim. Consequently, to obtain absolute certainty that sale of the product in Australia wouldn't infringe a patent, we would have to:

- Identify all of the aspects of the product that might conceivably have been patented in the last twenty years (the term of a patent).
- Locate all un-lapsed Australian patents and patent applications potentially relevant to each identified aspect.
- Review each of the patents and patent applications located in the search to determine if it contains claims (or in the case of a patent application, if it might be amended to include claims) covering the identified aspects of the product. This step will often include obtaining a formal infringement opinion from a patent attorney.

Unfortunately, performing each of the above steps is usually impractical unless the product in question is very simple so that there is only one, or at most only a few, aspects of the product to be searched.

Consequently, a strategy has to be adopted to provide a level of comfort based on a cost-benefit trade off. Answers to the following questions will help to arrive at a suitable search strategy:

1. Which aspects of your product do you regard as new and innovative? - The answer to this question can be used to narrow clearance searching to only those aspects of the product which are likely to be the subject of a competitor's patent right.
2. Are there any aspects of your product which were inspired by competitors' products? If so, identify the names of the competitors. - The answer to this question will identify competitors that are likely to be concerned about your product. Clearance searching might then be centered on searching for patents in the name of the identified competitors.
3. Which aspects of the product will your marketing concentrate on? - The answer to this question will usually identify the most commercially significant aspects of the invention. It is these aspects that competitors are most likely to jealously protect.
4. How much time / money did you, or will you, expend in developing the product? - If there has been considerable expenditure then more extensive searching is warranted in order to obtain a higher level of comfort than might be the case if the product was dreamed up overnight.
5. Do competitor products, manuals or brochures etc., indicate that they are covered by patent, or other intellectual property rights? - The answer to this question can provide actual patent serial numbers which can help to kick start a search.

The content of a patent application is not publicly available 'til 18 months from the initial filing date

By taking into account the above factors a search strategy can be arrived at which is practical and which will also provide a desired level of confidence. In each case however there will be risks.

For example, if it's decided to focus the patent clearance search on a name search for competitors' patents then it must be understood that the search won't locate potentially relevant patents and patent applications filed in other names.

In every case it should be borne in mind that the content of patent applications only becomes publicly available after eighteen months from the patent application's priority date.

Overcoming adverse Patent Clearance Searches

If the patent clearance search indicates that exploiting the product would infringe a patent then it may be possible to negotiate a license, or obtain an assignment of the patent. To some extent this feeds back into our initial discussion of patentability searches. If your business does not possess any patents of its own then it is going to be more difficult to negotiate out of a potential patent infringement situation.

Patentability Searches vs Patent Clearance Searches - Summary of Difference

Ownership of a patent for a product is not a defence to an allegation that exploitation of the product infringes another party's patent.

The purpose of a patentability search is to gain an indication as to whether or not a patent claim for an invention is likely to meet the requirements of the patent statute.

The purpose of a patent clearance search is to gain an indication as to whether or not exploiting a product in a particular jurisdiction would infringe any enforceable patent rights in that jurisdiction.

The chart below summarizes the major differences.

	Patentability Search	Patent Clearance Search
What is being searched for?	Documents that describe all the features of a candidate claim	Enforceable patent claims that read onto aspects of a product
What sort of documents are relevant?	Any publicly available document including patents and patent applications, journals, brochures, websites etc.	Only non-lapsed patents and patent applications (bear in mind though that it is possible to revive lapsed patents/applications in some circumstances).
What is the country coverage?	Documents from all countries are relevant	Usually only jurisdictions that the product will be exploited in.
Can action be taken to overcome unfavourable search results	No. If the search locates documents that describe the candidate claim then the claim won't comply with the Patents Act.	Maybe. It may be possible to negotiate licenses to use patents located in the search.

Conclusion

Any business which develops its own products is walking blindfolded along a cliff edge if it does not factor patentability and clearance searching into its initial product planning stages. That may sound overdramatic at first but when the consequences of having to abandon a project in its final stages of development are taken into account it will be realized that the importance of getting the IP fundamentals sorted out early cannot be overemphasized.

Look before you leap into new product development.