



NATIONAL
ASSOCIATION of
REALTORS®

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April 7, 2014

The Honorable Lee Terry
Chairman, House Commerce, Manufacturing and Trade Subcommittee
2266 Rayburn House Office Building
Washington, DC 20515

The Honorable Jan Schakowsky
Ranking Member, House Commerce, Manufacturing and Trade Subcommittee
2367 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Terry and Ranking Member Schakowsky:

On behalf of the more than one million members of the NATIONAL ASSOCIATION OF REALTORS® (NAR), we wish to thank the subcommittee for addressing the issue of abusive patent demand letters and their impact on innovation and job creation.

NAR, whose members identify themselves as REALTORS®, represents a wide variety of real estate industry professionals. Real estate firms vary widely in size, but the overwhelming majority of firms are very small entities. NAR's most recent surveys indicate that more than half of all realty firms have less than twenty-five agents and the typical sales agent is affiliated with an independent realty firm with only one office .

REALTORS® have been early adopters of technology and are industry innovators who understand that consumers today are seeking real estate information and services that are fast, convenient and comprehensive. Increasingly, technology innovations are driving the delivery of real estate services and the future of REALTORS® businesses.

As technology users, NAR and several of its members recently received unfair a deceptive demand letters for their use of other common business technologies including website drop-down menus and search alert functions. Many REALTORS® also received demand letters for the use of scanner-copiers as part of the "Project Paperless" trolling scheme. Our members know firsthand that "patent trolls" divert significant time and money from their businesses.

Practitioners who regularly license technology in a responsible way indicate that a reasonable demand letter will include the patent number, the real "parties of interest" of the patent, some specifics of alleged infringement, and an offer to negotiate a license to the patent. Moreover, the demand letter will be highly tailored to the specific business utilizing the allegedly infringing product.

Instead, the letters REALTORS® have received generally do not identify the party owning the patent nor do they explain the allegedly infringing behavior. In many cases, a REALTOR® may have to spend several thousand dollars in legal fees just



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to decipher the vague allegations made in these letters. Under these circumstances, our members are likely to conclude that payment of the “licensing fee” is the most practical option. This situation amounts to legalized extortion.

Without needed reforms that require specific disclosures to increase transparency in patent demand letters and to prohibit unfair and deceptive practices, REALTORS[®] ability to grow, innovate and better serve modern consumers will be curtailed. We look forward to working with you to create needed reforms to the patent system that will truly promote innovation and expand job creation.

Sincerely,

A handwritten signature in blue ink that reads "Steve Brown". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Steve Brown

2014 President, National Association of REALTORS[®]

cc: Members, House Energy and Commerce Committee