

Wednesday, May 21, 2014

The Honorable Lee Terry  
Chairman, Subcommittee on Commerce, Manufacturing, and Trade  
Committee on Energy and Commerce  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Jan Schakowsky  
Ranking Member, Subcommittee on Commerce, Manufacturing, and Trade  
Committee on Energy and Commerce  
United States House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman and Ms. Schakowsky,

We commend the leadership of the Subcommittee on Commerce, Manufacturing and Trade and look forward to seeing the committee find a bipartisan solution to the critical problem of PAE demand letters. Businesses threatened by patent assertion entities (PAEs) are encouraged by the support from Chairman Terry and his Subcommittee colleagues by holding a hearing regarding patent trolls. The Chairman's hearing sends the signal to small businesses everywhere that Congress is ready to enact reforms that shield business owners from frivolous patent litigation letters as part of the larger effort to combat patent trolls.

The House already passed a comprehensive patent reform bill at the end of last year and separate patent reform bills are actively under discussion in the Senate. But as today's decision has demonstrated, our work is not finished, which is why we applaud Chairman Terry's push to enact solutions that prevent the wasted resources, unnecessary cost on small business and the general economic speed bumps caused by frivolous patent litigation. The cost of patent trolls on the economy has climbed steadily over the past few years with no sign of letting up.

Small, medium and large businesses continue to hemorrhage money into licensing or court fees, which could otherwise be used to provide more jobs, to innovate, to expand or to simply meet overhead and pay for operations.

Without strong disclosure and transparency requirements united with meaningful litigation reforms, patent trolls' abusive tactics will continue and American business owners will have few means to defend themselves.

The current patent system, intended to protect the rights of inventors and other small businesses has been corrupted and abused by patent trolls that leverage poor quality patents and essentially extort small businesses. Small businesses, which fuel our economy, are then forced into weighing their options between paying costly licensing fees or more expensive legal fees required to fight back.

More transparency around demand letters through greater disclosure and clarity requirements for the patent trolls that send them would help businesses make sense of a demand letter and be better equipped to fight patent litigation. Demand letter transparency is a general concept that enjoys wide-ranging support among the American business community. Right now, Congress has the opportunity to provide thousands of business owners across the country with much-needed relief.

It is clear that the need to prevent vague and deceptive patent demand letters from non-practicing entities enjoys broad bipartisan support and that the urgency of the situation has enough acknowledgement from Congress needed to swiftly go the distance.

We appreciate your consideration of this critical issue and thank you for bringing it to the attention of your colleagues.

Sincerely,

American Apparel & Footwear Association  
American Association of Advertising Agencies  
American Bankers Association  
American Hotel and Lodging Association  
American Gaming Association  
American Society of Home Inspectors  
Application Developers Alliance  
Credit Union National Association  
Direct Marketing Association  
Electronic Frontier Foundation  
The Emob  
Engine  
Food Marketing Institute  
HTC  
Independent Community Bankers of America  
International Franchise Association

The Latino Coalition  
National Association of Convenience Stores  
National Association of Home Builders  
National Association of Federal Credit Unions  
National Association of Realtors  
National Council of Chain Restaurants  
National Grocers Association  
National Retail Federation  
National Restaurant Association  
NTCA -The Rural Broadband Association  
Printing Industries of America  
Public Knowledge  
Retail Industry Leaders Association  
Small Business Majority  
TicketNetwork  
U.S. Travel Association

CC: Members of the House Committee on Energy and Commerce