

Steve Brown, ABR, CIPS, CRS, GREEN
2014 President

Dale A. Stinton
Chief Executive Officer

**GOVERNMENT AFFAIRS
DIVISION**

Jerry Giovaniello, Senior Vice President
Gary Weaver, Vice President
Joe Ventrone, Vice President
Scott Reiter, Vice President
Iamie Gregory, Deputy Chief Lobbyist

May 21, 2014

The Honorable Lee Terry
Chairman
House Commerce Subcommittee on Commerce,
Manufacturing, and Trade
2266 Rayburn House Office Building
Washington, DC 20510

The Honorable Jan Schakowsky
Ranking Member
House Commerce Subcommittee on Commerce,
Manufacturing, and Trade
2367 Rayburn House Office Building
Washington, DC 20510

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 you for raising the issue of abusive patent demand letters with the House Commerce Subcommittee on Commerce, Manufacturing and Trade. While broad patent reform legislation was passed in the House last year and is currently under consideration in the Senate, abusive demand letters are an NAR priority and we applaud the subcommittee's efforts to enact needed reforms in this area.

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 and deceptive demand letters for their use of 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 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,



Steve Brown
2014 President, National Association of REALTORS®

