July 17, 2013

The Honorable Harry Reid
Majority Leader
United States Senate

The Honorable Mitch McConnell
Minority Leader
United States Senate

The Honorable John Boehner
Speaker
United States House of Representatives

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives

Dear Majority Leader Reid, Minority Leader McConnell, Speaker Boehner, and Minority Leader Pelosi:

The undersigned organizations strongly encourage Congressional efforts to address abuses of the legal system by certain patent assertion entities, commonly referred to as patent trolls. Managing frivolous patent suits unfortunately has become an expensive distraction for a large cross section of American businesses. Instead of focusing on innovation, job creation, and economic growth, we are forced to deal with legal games that have serious consequences.

The growth and reach of patent troll activity in recent years has been astounding. Since 2005, the number of defendants sued by patent trolls has quadrupled. Last year, they sued over 7,000 defendants and sent thousands more threat letters. This activity cost the U.S. economy $80 billion in 2011, and productive companies made $29 billion in direct payouts. Moreover, trolls no longer only sue large tech corporations. Small and medium-sized businesses of all types, including start-ups, are now the most frequent targets. In 2012, trolls sued more non-tech companies than tech, spanning a wide range of American businesses. We seek reforms to the current system that would significantly curb trolls' ability to extort settlement demands from retailers, technology companies, small businesses, financial services institutions, state and local government entities, and many others who are today the targets of their outrageous claims.

There is a growing consensus that now is the time to address this issue. We are pleased to see Chairman Leahy and Chairman Goodlatte are seeking comprehensive legislative solutions in the Judiciary Committees. Likewise, we are encouraged that several other Members have introduced legislation to tackle some of the complex problems we face. President Obama has also weighed in with executive actions and recommended legislation. There is no single solution to this complex question, but meaningful reforms like these would make it more difficult for patent trolls to continue their destructive business model. This broad support and the willingness of Congress to work across the aisle and across chambers on this complex issue is a testament to its importance.

We look forward to working with you and your colleagues to pass strong legislation to address these important issues.

Sincerely:

Alliance of Automobile Manufacturers
American Association of Advertising Agencies
American Bankers Association
American Gaming Association
American Hospital Association
American Hotel & Lodging Association
American Public Power Association
American Public Transportation Association
Application Developers Alliance
Association of National Advertisers
Coalition for Patent Fairness
Competitive Carriers Association
COMPTEL
Computer and Communications Industry Association
Consumer Electronics Association
Credit Union National Association
Direct Marketing Association, Inc
Electronic Frontier Foundation
Electronic Retailing Association
Engine Advocacy
Financial Services Roundtable
Food Marketing Institute
Hattery
Independent Community Bankers of America
Independent Insurance Agents and Brokers of America
Information Technology Industry Council
International Franchisers Association
Internet Association
Internet Infrastructure Coalition
Motion Picture Association of America
MPA – The Association of Magazine Media
National Association of Broadcasters
National Association of Realtors
National Cable & Telecommunications Association
National Council of Chain Restaurants
National Grocers Association
National Restaurant Association
National Retail Federation
Newspaper Association of America
NTCA – The Rural Broadband Association
Online Publishers Association
Printing Industries of America
Public Knowledge
Retail Industry Leaders Association
Securities Industry and Financial Markets Association
Software & Information Industry Association
TechAmerica
TechNet
United States Telecom Association
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CC: The Honorable Patrick Leahy
The Honorable Chuck Grassley
The Honorable Bob Goodlatte
The Honorable John Conyers