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National Association of Federal Credit Unions | www.nafcu.org

April 4, 2014

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

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

Re: "Trolling for a Solution: Ending Abusive Patent Demand Letters"

Dear Chairman Terry and Ranking Member Schakowsky:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the interests of our nation's credit unions, I write today in advance of next week's subcommittee hearing, "Trolling for a Solution: Ending Abusive Patent Demand Letters." On behalf of NAFCU member credit unions and the 97 million credit union members across the country, we appreciate the subcommittee's attention to this matter.

A growing number of credit unions are reporting receipt of demand letters from law firms representing patent assertion entities, claiming patent infringement, with the option to settle or face litigation. These deceptive letters are confusing and misleading as they often allege that the use of everyday technology violates the patent holders' rights. Further, these letters typically state vague or hypothetical theories of infringement, and often overstate or misinterpret the patent in question. Because the cost of litigation is often more expensive than paying a settlement amount, these "patent trolls" use the threat of litigation as leverage to extract payment from the recipient business who settles in lieu of running the risk of a complex and lengthy legal battle.

NAFCU believes a legislative solution is necessary to alter the intimidating business model used by these patent assertion entities and will continue to be supportive of any Congressional efforts to curb these practices.

Again, thank you for holding this important hearing today. If my staff or I can be of assistance to you, or if you have any questions regarding the impact of patent trolls on credit unions, please feel free to contact myself, or NAFCU's Director of Legislative Affairs, Jillian Pevo, at 703-842-2836.

Sincerely,

Carrie Hunt
Senior Vice President of Government Affairs & General Counsel

cc: Members of the Energy and Commerce Subcommittee on Commerce, Manufacturing,
and Trade