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National Association of Federal Credit Unions | [www.nafcu.org](http://www.nafcu.org)

May 20, 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: 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 federal credit unions, I write today in advance of Thursday's subcommittee hearing to review draft legislation to address abusive patent demand letters. On behalf of our member credit unions and the 97 million credit union members across the country, we appreciate the subcommittee's attention to this important 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 is pleased that the subcommittee is considering legislation to curb these practices. We appreciate your work towards a solution and look forward to working with you as this issue moves through the legislative process. If my staff or I can be of assistance to you, or if you have any questions, please feel free to contact myself, or NAFCU's Director of Legislative Affairs, Jillian Pevo, at 703-842-2836.

Sincerely,

Brad Thaler  
Vice President of Legislative Affairs

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