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February 24, 2015

The Honorable Michael Burgess
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: Patent Demand Letter Practices and Solutions

Dear Chairman Burgess 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 this week's subcommittee hearing, "Update: Patent Demand Letter Practices and Solutions." On behalf of NAFCU member credit unions and the 100 million credit union members across the country, we appreciate the subcommittee's continued 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 Congressional efforts to curb these practices. As the subcommittee examines this issue further, we would urge you to address the demand letter issue in any action that you take.

Thank you for holding this important hearing. 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 R. Hunt

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