

October 29, 2015

Dear Majority Leader McConnell and Minority Leader Reid:

We are inventors and innovators growing small businesses and creating jobs in America. Many of us are patent holders. We write to express our strong support for the PATENT Act and the Innovation Act, comprehensive patent reform legislation that would deter bad actors and incentivize more innovation among our community of startups nationwide.

As high tech entrepreneurs, we know that great risks and challenges come with starting a business—keeping up with rapidly changing technology, competing for funding, and navigating fluctuating regulation in Washington. But one challenge few of us anticipated was the financial burden resulting from the activities of bad actors who abuse the patent system.

Patent trolls don't create any products or services, but instead exist for the sole purpose of suing inventors, entrepreneurs, and innovative businesses. At least 80 percent of patent troll victims are small- and medium-sized businesses, including innovative startups building important tools and services. Faced with potentially millions of dollars in legal fees, years in the courtroom, and diverted product plans, many startups choose to simply pay a fee to settle and make the case go away—even if they are innocent. This cycle of settlements consequently keeps patents unchallenged and funds the trolls' continued frivolous activity. And we're left with an environment in which businesses like ours lose valuable resources that otherwise could have been used to create good jobs.

That's why it's crucial that Congress pass patent reform legislation. The PATENT and Innovation Acts take on a patent litigation system filled with loopholes that allows the so-called patent troll business model to thrive. Both the Senate and House must pass bills that:

- Increase transparency of patent ownership and infringement allegations so startups can make informed decisions about how they should proceed;
- Reasonably limit unnecessary, expensive discovery so small companies and startups can afford to litigate;
- Allow courts to use their discretion to require bad actors to pay the prevailing party's attorney
 fees if the losing party acted unreasonably, affording startups to take on a troll threat while
 discouraging those trolls from bringing frivolous cases;
- Protect startups using another's technology and allow startups to protect their customers by holding a technology's manufacturer accountable for infringement allegations; and
- Limit bringing patent infringement suits to districts where the patent inventor conducted research or a party operates a physical facility, disincentivizing those who cherry-pick venues based on where they are most likely to win.

Some of us own patents of our own, some of us do not. But we all recognize that patents play an important role in technology innovation and do not believe that the changes we seek will undermine that role or weaken the patent system. We are concerned that the current system allows for abuse by bad actors to the detriment of innovators and small businesses everywhere. On behalf of entrepreneurship and innovation in America, we urge you to enact robust patent reform now.

Sincerely,

The undersigned:

1 Minute Candidate handup.org Proto Venture Technology

Kansas City, KS San Francisco, CA Chesterfield, NJ

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Blaine, WA San Francisco, CA Durham, NC

A&H Stabilitas Ventures, Inc. HEADS UP Rally Software Seattle, WA Buffalo, NY Boulder, CO

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Application Developers Alliance Infinit International Inc. SailPoint Technologies, Inc.

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Cc:

Members of the United States Senate