



eBay Inc.

2145 Hamilton Avenue

San Jose, CA 95125

December 3, 2013

The Honorable Bob Goodlatte  
Chairman, Committee on the Judiciary  
U.S. House of Representatives  
2138 Rayburn House Office Building  
Washington, DC 20515

The Honorable Howard Coble  
2188 Rayburn House Office Building  
Washington, DC 20515

The Honorable Zoe Lofgren  
1401 Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Goodlatte and Reps. Lofgren and Coble:

On behalf of eBay Inc. and the small businesses that use our platforms, we want to thank you for all of your work to reform the nation's patent system. During a time of such partisanship, it is encouraging to see Democrats and Republicans take decisive action on substantial legislation like The Innovation Act (H.R. 3309) that will benefit small businesses across the country.

The patent system is a critical resource for Internet-enabled small businesses to grow and assert control over their innovations. Unfortunately, patent assertion entities (PAEs), more commonly known as patent trolls, abuse this process and hurt small businesses – both online and offline – that do not have the means or resources to defend themselves in court, meaning they are usually forced to settle. More than 100,000 demand letters were sent to unsuspecting businesses last year – a majority of which were small business and startups with less than \$10 million in annual revenue. This creates an unnecessary \$80 billion drag on the U.S. economy every year, according to a study conducted by researchers at the University of Boston. When patent assertion entities abuse the system, everyone loses.

The Innovation Act represents a significant step in the right direction. It will protect small businesses from costly, time-consuming litigation, make patent litigation more streamlined and transparent for all parties involved, and provide businesses the necessary resources they need to properly respond to demand letters. Your bill will discourage non-practicing entities from preying on small businesses that are vital to the health of the U.S. economy.

As The Innovation Act heads to the House floor for full consideration, eBay is working together with its associations to urge your colleagues to fully support your bill, protect small Internet retailers from patent trolls and take these important steps to reform the nation's patent system.

Sincerely,

Tod Cohen

Vice President & Deputy General Counsel, Global Government Relations  
eBay Inc.