

Startup Investors Nationwide Support Broad Patent Reform

6 November 2013

Dear Congress:

Each year, we invest hundreds of millions of dollars in software and information technology businesses and emerging mobile technologies. Together with other investors, we commit more than \$1 billion annually in angel and venture capital that ensures continuing growth of young, high-tech companies employing 1.4 million people. Collectively, we have invested in companies such as Netflix, Twitter, Facebook, Dropbox, Palantir, Kickstarter, and countless other technologies that power American businesses everywhere. We are the fuel in America's startup economy engine.

We write to urge comprehensive legislation to address the troubling growth and success of the patent troll business model. Young, innovative companies are increasingly threatened and targeted by patent troll lawsuits. In fact, the majority of companies targeted by patent trolls have less than \$10 million in revenue. And while big companies paid the lion's share of the \$29 billion of direct costs resulting from patent troll activities in 2011, the costs borne by small companies are a proportionately larger share of their revenues.

As a result, Congress and the Administration are considering multiple reform proposals. None alone will fix the problem, but together they will make a substantial dent in what one famous troll recently called "a new industry."

Successful legislation should make it harder to be a patent troll, and easier for targeted businesses to protect and defend themselves. Legislation should:

- Make it easier to efficiently review patents at the Patent Office, as an alternative to litigation.
- Increase transparency by requiring patent trolls to specify, in complaints and demand letters, which patent and what claims are infringed, and specifically how the offending product or technology infringes.
- Limit the scope of expensive litigation discovery.
- Require patent trolls to pay legal fees and other costs incurred by prevailing defendants.
- Protect end users of technology [e.g., wi-fi, printers and scanners, and APIs] from being liable for infringements by technology providers.

Our Founders did not intend to incentivize patent trolling in the Constitution -- nor did Congress intend the Patent Act to promote this industry. Comprehensive legislation to reduce abusive patent litigation will make the patent troll business model less attractive, and will protect software, mobile and information technology entrepreneurs. In turn, our digital economy will continue to grow and so will our national economy.

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