

**Committee on Energy and Commerce
Subcommittee on Oversight and Investigations**

Hearing on “The Impact of Patent Assertion Entities on Innovation and the Economy”

November 14, 2013

Statement for the Record

The importance of patents is highlighted in our Constitution and integrated into our country’s legal framework. Patents are designed to spur innovation and stimulate commerce, but more frequently the system is being manipulated to impede progress.

A 2011 piece on National Public Radio titled “When Patents Attack!” discussed the ongoing problem of patent assertion entities using intimidating demand letters to make opaque patent claims and collect on settlements from other businesses. According to the NPR program, “our patent system sometimes seems to be discouraging rather than encouraging innovation in high tech businesses.”

NPR aired follow up piece in May showing that the problem has increased in scope. Much of the testimony submitted for today’s hearing shows that patent assertion entities are now sending demand letters with contrived patent claims to a wide variety of businesses from the high tech to lodging.

We must find ways protect small businesses and consumers from deceptive and malicious practices while ensuring legitimate patent claims are protected.