

FindTheBest

Think like an expert

101A Innovation Place
Santa Barbara, CA 93108

December 20th, 2013

House of Representatives
Committee on Energy and Commerce
Responses to Questions submitted by G.K. Butterfield regarding November 14, 2013 hearing entitled
"The Impact of Patent Assertion Entities on Innovation and the Economy"

Question: How have abuses in the patent assertion impacted the way you and your start-up peers think about owning patents?

At FindTheBest we do not waste our time, effort, and money in applying for patents. We believe it is a better use of our limited resources to build new features and improve our product to provide our 20 million monthly visitors with a more valuable experience.

It is our belief that a patent is **NOT** an invention, but rather a piece of paper written by a lawyer that will most likely never be read by anyone. Real invention is building a valuable product and bringing it to market.

Question: How have those abuses impacted the ability of startups to gain investors and venture capital funding?

Litigation is risky and costly, two things that venture capital firms are not looking for when making investments. We have spoken to dozens of companies that were forced to settle cases regardless of actual infringement in order to attract investors and others who were unable to find investors willing to take on the additional risk.

We were lucky enough to close our most recent funding round (\$11M Series-B) prior to receiving any demand letters. Had we received a demand letters before closing the round, we would have been required to disclose this to investors and there would have been a large possibility of watching those investors walk away from the deal or attempt to delay the deal until a resolution was reached.

When we first spoke to our investors about the demand letters we received, they suggested we settle our patent suit. It was their belief that accepting the plaintiff's one day special settlement offer of \$50,000 would have been the most prudent business decision. It was at this point that our CEO decided to personally finance the ligation, an alternative not available to most companies. We were ultimately successful in our litigation and invalidated the patent brought against us under section 101.

Sincerely,



Danny Seigle

Director of Operations, FindTheBest.com