



Internet Association

July 16, 2015

The Honorable John Boehner
Speaker of the House
United States House of Representatives
H-232 The Capitol
Washington D.C. 20515

The Honorable Kevin McCarthy
Majority Leader
United States House of Representatives
H-107, The Capitol
Washington, D.C. 20515

The Honorable Steve Scalise
Majority Whip
United States House of Representatives
H-329, The Capitol
Washington, DC 20004

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
233 Cannon H.O.B.
Washington, DC 20515

The Honorable Steny Hoyer
Minority Whip
United States House of Representatives
1705 Longworth H.O.B
Washington, DC 20515

Dear Speaker Boehner, Majority Leader McCarthy, Majority Whip Scalise, Minority Leader Pelosi, and Minority Whip Hoyer:

We urge you to pass the Innovation Act of 2015 (H.R. 9). We are the CEOs of America's leading Internet companies. As such, we have direct experience of the negative consequences of the patent troll business model on our economy. We are also innovators; in fact, many of us are proud patent holders. The jobs, goods, and services that make up our economy depend on innovations like ours to be protected by patents.

As inventors ourselves, we support the Innovation Act because it strikes a reasonable compromise between protecting patent holders' rights and removing the threat of frivolous patent troll litigation. If enacted, the Innovation Act will enable innovators like us to get back to the business of doing what we do best, namely creating the jobs and services that help run our economy.

A flawed patent system remains one of the biggest threats to our companies, and frivolous patent lawsuits are at all-time highs. In 2013, patent troll litigation reached a record high, up 13 percent over 2012 and more than a tenfold increase over the past decade. More recently, in the first quarter of 2015, lawsuits brought by patent trolls were already up nearly 42 percent over the previous quarter. These lawsuits are also expensive and cost billions of dollars that otherwise could be reinvested into further innovation and job creation. In fact, in 2011 estimates put the combined direct and indirect costs of patent troll litigation at \$80 billion per year. Troll activity has grown steadily since 2011 when these estimates were done.



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The drain on our economy from patent troll activity is demonstrable. The current system incentivizes patent trolls to bring frivolous and costly lawsuits against productive businesses – both large and small. This is why we support targeted and commonsense legislative solutions that undermine the troll business model. Specifically, the Innovation Act would deal with the following issues associated with abusive troll litigation: (1) vague pleadings; (2) forum shopping in judicial districts known to support troll litigation; (3) overly broad discovery demands; and (4) a lack of financial disincentives against bringing frivolous lawsuits. While not silver bullets, these reforms help remove the factors that make the patent troll business model a no-risk, high-reward enterprise.

The Innovation Act is a positive step in the right direction for our economy. We hope you will pass H.R. 9 this summer.

Sincerely,

Chad Dickerson - Chairman & CEO, Etsy

Michelle Peluso - CEO, Gilt

Kevin Ryan - Chairman & Founder, Gilt, MongoDB, Business Insider, Zola

Eric Schmidt - Executive Chairman, Google

Jeff Weiner - CEO, LinkedIn

Ben Silbermann – CEO, Pinterest

Taylor Rhodes - President and CEO, Rackspace

Stephen Kaufer - President and CEO, TripAdvisor

Marissa Mayer - CEO, President & Director, Yahoo

Jeremy Stoppelman, CEO, Yelp