



1303 J Street, Suite 600, Sacramento, CA 95814-2939 T: (916) 438-4400 F: (916) 441-5756

May 14, 2015

The Honorable Dianne Feinstein
Member, Senate Committee on the Judiciary
331 Hart Senate Office Building
Washington, D.C. 20510-0504

RE: SUPPORT FOR S. 1137 (GRASSLEY) -- PROTECTING AMERICAN TALENT AND
ENTREPRENEURSHIP (PATENT) ACT

Dear Senator Feinstein:

The California Bankers Association (CBA), representing the majority of banks doing business in California, urges your support for the Protecting American Talent and Entrepreneurship (PATENT) Act (S. 1137), which may come before the Committee on the Judiciary in the next few weeks. As you may be aware, banks of all sizes license innovation and technology to support consumer use, and, as a result, they are frequently targeted by patent trolls. Nationally, banks are now one of the top ten industries targeted by trolls. Like many industries, when faced with threats of expensive patent litigation (estimated to cost between \$500,000 and \$3.5 million), many banks, particularly smaller institutions, realize that their only option is to settle these questionable claims rather than face paying even higher litigation costs to defend themselves against frivolous claims of patent infringement.

In particular, CBA strongly supports the provision in S. 1137 that helps ensure that demand letters include clear and detailed information, such as the owner of the patent, what entities have a financial interest in the patent, what product or service is allegedly being infringed and how such product or service infringe the patent. The bill makes clear that failure to send a clear and detailed demand letter results in the dismissal of any subsequent civil action by the patent troll against the recipient of the vague demand letter. CBA believes this demand letter requirement in the measure is a critical reform.

However, there is an additional provision that we believe is needed to address the fraudulent practices of patent trolls. We urge your support for inclusion of a provision in S. 1137 that would make the Covered Business Method (CBM) program administered by the Patent Trial Appeal Board permanent or at least extend it for a substantial period of time.

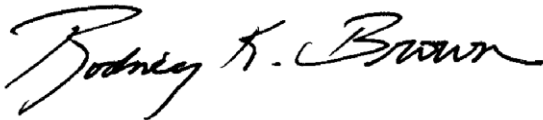
The Honorable Dianne Feinstein
Support for S. 1137
May 14, 2015
Page 2

The CBM program, created in September 2012, was established, in part, to provide an administrative process to assess the validity of questionable business method patents. Over the years, it has proven to be a successful low-cost alternative to litigation of CBM patents. In fact, there are several CBM proceedings underway that could benefit banks and other financial institutions of all sizes. For example, overly broad patents held by the company, Data Treasury, used to extort more than \$250 million in settlements from many banks nationwide, were recently invalidated through the CBM review process.

Without intervening action by Congress, this important program will expire in 2020. This would be unfortunate, because every dollar spent on defending against frivolous claims brought by patent trolls reduces capital available to start-ups or small businesses looking to create jobs and grow the economy. Extension of the CBM program would benefit banks of all sizes by continuing to provide a relatively cost-effective way of challenging overly broad patents that are the bases for abuse by patent trolls.

Thank you for your continued diligence to address this issue in Congress. We urge you to strongly support S. 1137 that includes a provision extending the CBM program, which we believe will benefit our members and thousands of banks and other financial institutions across the country.

Sincerely,

A handwritten signature in black ink that reads "Rodney K. Brown". The signature is written in a cursive, flowing style.

Rodney K. Brown
CBA President and CEO