

**Ambassador James K. Glassman, 5824 Madaket Rd., Bethesda, MD 20816**

Ways and Means Committee  
1102 Longworth House Office Building  
Washington, D.C. 20515

July 24, 2014

Dear Members of the Committee:

As you move forward with the Committee's review of the United States trade agenda, I write to urge you to investigate World Trade Organization members whose governments control and finance their own Patent Assertion Entities (PAEs), often referred to as government sponsored patent "trolls."

State-sponsored PAEs are becoming more common. They have already been established in France, Korea, Japan, and China. These government-controlled PAEs openly favor their country's businesses and economic interests by pursuing infringement threats and suits against foreign industrial rivals. Examples of these offenders include Intellectual Discovery (Korea), France Brevets (France), the Innovation Network Corporation of Japan, and the Chinese Government's Ruichuan IPR Funds , which was established just this spring.

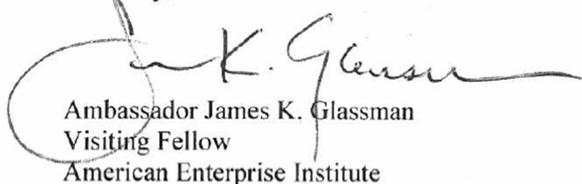
These entities threaten to complicate efforts to improve global cooperation on our trade priorities such as software piracy and cyber security. Further, WTO members who operate and finance state-sponsored PAEs may violate several WTO agreements including; the Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), the General Agreement on Tariffs and Trade (GATT), and the Agreement on Subsidies and Countervailing Measures (SCM Agreement).

Foreign abuses of the patent system can have dramatic impact on U.S. trade, as I outline in the attached piece for *Bloomberg BNA* titled, "Time to Fix the Patent System." I strongly encourage the Ways and Means Committee to further investigate WTO members who operate state-sponsored PAEs and the negative impact entities like the aforementioned can have on WTO related issues.

Thank you for your work on this important issue and for allowing public comment on the topic.

Please understand that, in this letter, I am speaking for myself and not for the policy institute with which I am affiliated.

Sincerely,



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Visiting Fellow  
American Enterprise Institute