

Congress of the United States
House of Representatives
Washington, DC 20515-1604
October 27, 2014

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Wheeler:

As a member of the House Energy and Commerce Subcommittee on Communications and Technology, I am writing to inquire into the Federal Communications Commission's ("FCC") oversight of the ATSC patent pool, which has been acting as a government granted monopoly since the digital television transition (DTV).

A recent article by Zack Christenson of American Consumer Institute titled "Abuse From Patent Pools" highlighted concerns about the potential exploitation of the ATSC patent pool. The article points out that the licensing fees charged by the ATSC pool are five times as much as fees charged for similar technologies around the world. As the FCC requires all TVs and tuning devices sold in the U.S. to include an ATSC tuner, manufacturers are left without choice but to pay the higher royalty. As the article states, "higher manufacturing costs mean that consumers will pay higher retail prices for these goods."

Furthermore, the December 1996 FCC report and order on the DTV proceedings stated that the "proponents agreed to make any relevant patents that they owned available either free of charge or on a reasonable, nondiscriminatory basis." I am concerned that the royalty rate does not comply with this order.

Essentially, it is a hidden tax on American consumers. According to the Consumer Electronics Association, approximately 40 million televisions are sold in the United States each year. Per the patent pool's administrator, the licensing fee is \$5 per television set, resulting in a \$200 million annual tax on consumers.

Therefore, I would like to request information on:

1. What oversight the FCC has carried out in regards to how the ATSC patent pool fee is being set and administered and, more specifically, how does the FCC ensure this monopoly is not abused?
2. If there hasn't been any oversight conducted by the FCC, I would like the commission to examine this issue to ensure that American consumers aren't continually abused to the tune of \$200 million a year in fees.

Thank you for your attention to this issue, I would appreciate a response by the end of November. If you should have any questions or require further information please feel free to contact my Legislative Director, Aaron Ringel, directly.

Sincerely,



Mike Pompeo
MEMBER OF CONGRESS