



UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Office of the Solicitor

Pending Litigation Address:
P.O. Box 15667
Arlington, Virginia 22215

All Other correspondence:
Box 8
Washington, D.C. 20231

July 8, 1998

Mr. Carl Malamud
President, Internet Multicasting Service
4875 Eisenhower Street
Suite 250
Alexandria, VA 22304

SOLICITOR

JUL 28 1998

U.S. PATENT & TRADEMARK OFFICE

Dear Mr. Malamud

Re: Freedom of Information Act (FOIA) Request No. 98-192

This is in response to your FOIA request received by the Office of the Solicitor on June 9, 1998. Your request seeks the following:

"memorandum, email, meeting notes or other documents by the Commissioner of Patents and Trademarks or other staff members of the USPTO containing the phrase "the Malamud situation" or "Carl Malamud" pertaining to the requests by aforementioned Malamud that USPTO make their database available for free to all users on the Internet."

I am prepared to release 22 documents in response to your FOIA request.

The FOIA processing fee for the instant request is \$238.24. Your check should be made payable to the "Treasury of the United States." Upon receipt of payment, the documents will be forwarded to you.

Sincerely,

Danita Ingram
Paralegal Specialist
Box 8

U.S. Patent and Trademark Office
Washington, D.C. 20231
Ofc (703) 305-9035
Fax (703) 305-9373

check rec'd 7/28/98
\$ 238.24
docs. mailed 7/28/98
DRL

Gewehr, Wes

From: Myers, Jane
Sent: Thursday, May 07, 1998 7:15 PM
To: Maulsby, Richard
Cc: Wes Gewehr
Subject: New York Times Article

Hi Richard,

I had hoped to draft a response letter for your consideration, but have not been able to find the time to do so. So here are some facts that you may want to follow up on or at least file away for future reference.

1. PTO databases are not "created at taxpayers expense."
2. The 1995 Paperwork Reduction Act does not "mandate that Government make information available electronically." Rather, in accordance with OMB Circular No. A-130, it requires agencies to "use electronic media and formats...as appropriate and within budgetary constraints."
3. Malamud did not post the full text of "several years of the patent data base." Rather he posted less than 2 years.
4. The PTO did not object to his posting. However, we did refuse to supply him with free source data.

Additionally, providing PTO raw data would be useful only to a few users who could handle such large volumes of data. A "college student who has acquired 100 gigabytes of disc storage" would not have sufficient capacity to process the entire patent file. Neither is it technically feasible to download that amount of data via FTP.

The article cites a shortcoming of the IBM system because "only a summary can be searched for a key word." However, searching front page data (which the PTO's system allows) or front page data and claims data (which the IBM system allows) for patent data spanning over 20 years may meet the needs of many users, e.g., those looking for specific technical information or doing a preliminary screen of prior art. On the other hand, a database of full text spanning less than 2 years provides little more than a demonstration, and raw data, without searching capability, is useful to very few.

Thanks, Jane



**UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office**

ASSISTANT SECRETARY AND COMMISSIONER
OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

JAN - 4 1995

MEMORANDUM FOR Denise Michel
Senior Policy Advisor

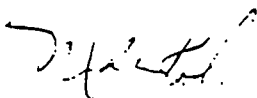
FROM: Acting Assistant Secretary of Commerce and
Acting Commissioner of Patents and Trademarks

SUBJECT: Comments on your December 22, 1994, Memo to
The Secretary

The attached message, which appears to be a joint effort of Carl Malamud and Gregory Aharonian, is being distributed on Internet. In addition to alerting you and others in the Department about this development, I also want to point out the following inaccuracies in the statement:

- (1) the USPTO did not object to his distribution of the patent full-text database -- our primary objection pertained to his request that the database be provided free of charge;
- (2) we actually encouraged Internet Multicasting Service (IMS) to distribute USPTO data via Internet consistent with our long-standing publishing policy of charging only the marginal cost of providing the databases -- we informed Malamud that his request for a free copy would have created an obvious inequity with other paying subscribers and the likely loss of about \$1,000,000 annually; and
- (3) contrary to the alleged "... lack of cooperation from the Patent Office and the lack of support within the Department..." we agreed to explore ways of lowering our costs in the future and we also offered a special AIDS database free of charge, one which we previously had provided to the National Science Foundation for their distribution on Internet.

What is not stated in the message is the decision of the Securities and Exchange Commission (SEC) also to charge IMS for the use of the SEC data, which database cost-recovery arrangement is similar to ours.


Michael K. Kirk

Attachment

RECEIVED

95 JAN - 6 PM 12:19

ADMIN. FOR INFO. DISSEMI

C. J. Sen

Newsgroups: misc.int-property,misc.legal.computing,alt.culture.internet

From: srctran@world.std.com (Gregory Aharonian)

Subject: PATNEWS: PTO shuts down one Internet patent searching site

Date: Wed, 4 Jan 1995 15:15:25 GMT

!19940104 PTO shuts down one free Internet patent search site

For some time Carl Malamud at town.hall.org has been providing searchable access to the full text of all 1994 US patents, and like myself, had been trying to raise support to put the full text of all US patents since 1970 onto the Internet. How was his efforts to help boost US R&D productivity, actually aid the small inventor, and provide a database so that developers of text analysis and retrieval tools would have an ideal test database? How? Read the following message that now appears where the patent search box used to appear at his WWW site:

The U.S. Patent and Trademark Office has formally objected to our distribution of the full text of patent documents on the Internet. They believe that our distribution of patent documents undermines their ability to maintain a viable market for patent documents.

(NOTE: It seems that Commissioner Lehman threw a raft of assistant commissioners and solicitors at Carl to get him to shut down).

We believe that the purpose of the U.S. Constitution is to "promote the arts and sciences," not to maintain the coffers of a few corporate sweethearts. For the last 12 months, the Internet Multicasting Service has provided several thousand patent documents per day to the public at no charge.

The lack of cooperation from the Patent Office and the lack of support within the Department of Commerce for this activity has led us to the decision to drop this database from the Internet for 2 weeks while we try and decide if this is a viable set of documents for us to maintain. After all, we'd hate to upset anybody.

If you feel this issue is important, exercise your democratic voice! Tell Secretary Ronald Brown your opinions on whether the U.S. Government provide full text of all U.S. Patents on-line:

- * Send mail to Secretary Ronald Brown at rbrown@doc.gov
- * Fill out a form for Secretary Ronald Brown
- * Use TPC.INT to fax Secretary Ronald Brown at (1) (202) 482-4576



**UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office**

ASSISTANT SECRETARY AND COMMISSIONER
OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

JAN - 4 1995

MEMORANDUM FOR

Denise Michel
Senior Policy Advisor

FROM:

Acting Assistant Secretary of Commerce and
Acting Commissioner of Patents and Trademarks

SUBJECT:

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The Secretary

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Michael K. Kirk

Attachment

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Date: Wed, 4 Jan 1995 15:15:25 GMT

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- * Send mail to Secretary Ronald Brown at rbrown@doc.gov
- * Fill out a form for Secretary Ronald Brown
- * Use TPC.INT to fax Secretary Ronald Brown at (1) (202) 482-4576

Dear Secretary Brown,

For the last several months, Carl Malamud has been operating an invaluable service to the general public by making freely available the complete documentation of new patents. He wishes to continue and expand this service. I hope the Department of Commerce will fully cooperate with such efforts, which redound wholly to the public good. Few bodies of information contain such valuable scientific and technical information as patents. The free provision of this information can provide a tremendous boost to entrepreneurs and technologists in this country. Opposing the free availability of such valuable information in convenient forms, such as electronically thru the global Internet, is ultimately a penny-wise, pound-foolish quest. I'm aware that the PTO supports many of its activities by charging for documents. However, it would be tragic if the mechanism for funding this one government office were to impede the evolution of efficient, pioneering new methods of cheap and free distribution of this information. I urge you to seek ways that PTO may continue its work with adequate funding without hamstringing such efforts as those of Carl Malamud by impeding the free distribution of this information. I hope you will work to see that the PTO fully supports the efforts of Malamud and others to the best of its abilities. Thank you.

Sincerely,

Guy Berliner

Lehman, Bruce

From: Kazenske, Edward
To: Huther, Brad; Lehman, Bruce; Stoll, Robert
Subject: FW: Aharonian on PTO Press Release (re pat abstracts on Internet)
Date: Wednesday, September 27, 1995 5:56PM

Note Aharonian's slam for our efforts.

From: Goldberg, Howard
To: Kunin, Steve; Bounkong, Bo; Kazenske, Edward
Subject: FW: Aharonian on PTO Press Release (re pat abstracts on Internet)
Date: Wednesday, September 27, 1995 4:13PM

FYI

From: Larkins, William
To: Goldberg, Howard
Subject: Aharonian on PTO Press Release (re pat abstracts on Internet)
Date: Wednesday, September 27, 1995 3:44PM

From
news3.digex.net!news2.digex.net!howland.reston.ans.net!news.sprintlink.net!in1.uu.net!news.eunet.fi!news.funet.fi!nntp.hut.fi!freenet.hut.fi!freenet.hut.fi!mews Wed Sep 27 15:26:16 1995
Path:
news3.digex.net!news2.digex.net!howland.reston.ans.net!news.sprintlink.net!in1.uu.net!news.eunet.fi!news.funet.fi!nntp.hut.fi!freenet.hut.fi!freenet.hut.fi!mews
From: srctran@world.std.com (Gregory Aharonian)
Newsgroups: finet.freenet.lists.new-patents
Subject: PATNEWS: YES!!! PTO puts abstracts onto the Internet
Date: 27 Sep 1995 16:26:16 +0200
Organization: Mailing list gatewayed to local news by freenet.hut.fi
Lines: 68
Sender: daemon@freenet.hut.fi
Message-ID: <199509271418.AA26205@world.std.com>
NNTP-Posting-Host: freenet.hut.fi
To: patents@world.std.com

!19950926 PTO putting patent abstract on Internet

I guess the embarrassment of my patent abstract Web page and Carl's two years of full text patents searching has finally gotten to be too much for the PTO, as they have just announced that they are putting up for searching all of the patent abstracts since the 1970's. BRAVO, but.

Unfortunately, IT IS NOT ENOUGH. The PTO hopes people using this new facility to do limited searches will then seek out commercial providers (who might be on the Internet) to do full text searches. THAT IS AN INSULT TO AMERICAN TAXPAYERS. If the PTO can get eight gigabytes of abstracts onto the Internet, it can get the 80 gigabytes of full text patent data. And if it needs server power, I am sure industry will be glad to donate equipment. These lame excuses coming out of the Patent Office about not putting the full patent texts onto the Internet are unacceptable. It is a technologically trivial problem, and there are plenty of resources to do so if the will is there.

The Commissioner should be continued to be pressured as much as possible and by everyone, especially the AIPLA, to put the fulltext of US patents onto the Internet. Whatever misguided loyalty the PTO has to patent information providing parasites does a disservice to American taxpayers. If the SEC can put the full text of all of its 10-K reports onto the Internet, so to can the PTO.

RECEIVED SEP 27 1995
11:00 AM
TRADEMARK OFFICE

I am not sure what to do with my patent web site, as many have found the manual of classification linkup to patent titles quite useful. If I can somehow hook it up to the PTO's stuff, I will, but I would prefer if the PTO would accept the web pages I created for the Manual of Classification and incorporate them into their own site.

=====

Patent abstracts will be made available at no charge to the public on the PTO's World Wide Web home page (<http://www.uspto.gov/>) starting Nov. 9. The new service primarily will benefit individual inventors who lack access to a Patent and Trademark Depository Library (PTDL).

Users will be able to do limited initial searches to determine whether a more extensive search is necessary either at a PTDL or through a private source. The PTO expects the new service to spur the creation of commercial online services that will provide full-text searching on the Internet, according to the PTO's Office of Public Affairs. "This new service will give our customers a new way to access important government information," said PTO Commissioner Bruce Lehman.

More than 20 years of searchable patent bibliographic text data -- approximately eight gigabytes of information -- will be available through the home page, which will then direct users to other sources of information. The PTO says the program to disseminate patent information, spearheaded by its Office of Information Dissemination, is an expansion of a program it started a year ago when it made AIDS patent data available on the Internet.

=====

Greg Aharonian
Internet Patent News Service
P.O. Box 404, Belmont, MA, 02178
617-489-3727, patents@world.std.com
(for info on free subscription, send 'help' to patents@world.std.com)
(for prior art search services info, send 'prior' to patents@world.std.com)
(for WWW patent searching, try <http://sunsite.unc.edu/patents/intropat.html>)

cc:
Assoc.
Comm.

Date: Mon, 4 Sep 1995 22:36:00 -0500 (CDT)
From: Jerry Larson <larsol146@maroon.tc.umn.edu>
To: balehman@pioneer.uspto.gov
Subject: Patent text availability

Sir,

I wish appeal to you to initiate a program that continues the test operation for full text availability of patent texts. Carl Malamud, Internet Multicasting Services, has provided a remarkably useful service for the last year and a half.

As a retired chemist I find this service a simple and most valuable asset. This literature clearly belongs to the people of the United States.

Gerald W. Larson
10550 Quarry Ave. N.
Stillwater, MN 55082
larsol146@maroon.tc.umn.edu

SEP 11 1995

95 SEP -5 PM 9:24

U.S. PATENT

TRADEMARK OFFICE



FACSIMILE TRANSMISSION

PTO
cs: Access
Commit
1995 JAN -4 P 4:31

Please deliver this facsimile to:

ronald brown
pto

From: Stanton McCandlish
Date: Wed, 04 Jan 1995 12:14:00 EST
Subject: PTO has no business meddling with Malamud's patent library

To: remote-printer.Ronald_Brown/PTO@6.7.5.4.2.8.4.2.0.2.1.t
c.int
cc: mech@eff.org
Message-Id: <199501041714.MAA22835@eff.org>
X-EFF_Membership_Queries_To: membership@eff.org
X-EFF_General_Info: info@eff.org
X-URL: <http://www.eff.org/-mech/mech.html>
X-PGP: support the Phil Zimmermann legal defense fund (email d
bois@csn.or
g)

.....
PUBLIC SERVICE ANNOUNCEMENT

THINK GLOBALLY.



ACT LOCALLY.

According to Carl Malamud of the Internet Town Hall project, which until recently provided patent information on the Internet:

The U.S. Patent and Trademark Office has formally objected to our distribution of the full text of patent documents on the Internet. They believe that our distribution of patent documents undermines their ability to maintain a viable market for patent documents.

Gregory Aharonian says it best in the latest issue of Internet Patent News:

"I am sorry, but the government should not be picking winners and losers in the marketplace. It has a long history of doing so very poorly, and a long history of trying to alter the natural evolution of new technologies. Besides, you would think the PTO, as part of the COMMERCE DEPARTMENT, would realize that there are tons of unexploited technologies residing in US patents that entrepreneurs and venture capitalists could identify and bring to market, creating a much larger economic activity than the aggregate sales by parasitic providers of patent information. We are talking hundred million dollar companies, thousands of new jobs, positioning in the global markets by US companies, etc....I would strongly suggest to the Commissioner that he hold a hearing on the PTO and the Internet. This is too important of an issue for the public not to be able to make its feelings and desires known."

My thoughts exactly. The government is not in the business of being in business, but in the business of governing. PTO has no business whatsoever meddling with Malamud's provision of patent information online, and their concerns about "maintain[ing] a viable market for patent documents" is misplaced. Government agencies do not maintain markets, market economics maintain markets, and the market economics of the 1990s are leaning heavily toward online access. It is not the PTO's place to bolster old-time, obsolete would-be monopolists. If their time is up, it is up. Nor is it the PTO's place to attempt to stifle the development of new markets and new commerce strategies. It is in fact directly counter to the purpose of the PTO. The PTO needs to get out of bed with Mead, Dialog, EDS, etc. and stop prostituting itself.

I find the PTO's actions in this case to be shameful and against the public interest - this is not how the PTO is supposed to behave. It's not how ANY government agency is supposed to behave.

PS: PTO also needs very badly to hold public hearings on algorithm patents. To my knowledge, the US the only place in the world these are valid, and their existence has already wrecked the domestic security software market, and is well on the way to wrecking the US data compression market. I have a strong suspicion that the public (remember them? your employers?) does not feel that allowing patents on facts of mathematics - essentially granting ownership of properties of nature - is appropriate or useful, and many of us feel, and can demonstrate, that algorithm patents are in fact greatly *harming* US and international commerce.

Stanton McCandlish, Electronic Frontier Foundation.

[Affiliation provided for identification purposes only; this is NOT an official EFF statement.]

--
 Stanton McCandlish
<HR> mech@eff.org
<P> Electronic Frontier Fndtn.
<P> Online Activist

Buffer 1. Txt

To: Ron Brown@Admin@OSEC
Cc:
Bcc:
From: C=US/A=INTERNET/DDA=ID/nobody(a)town.hall.org
Subject: U.S. Patent Database
Date: Wednesday, November 2, 1994 at 8:56:31 am EST
Attach: smtp5912.484
Certify: N
Forwarded by:

carl@radio.com (Carl Malamud) sent the following
comment Secretary Ronald Brown

Dear Secretary Brown:

I think the U.S. Government should be taking more active
steps to put the Patent and Trademark Office on-line.
Current glacial steps forward are inching us into same
day service in a nanosecond world. It's time to make
the U.S. Government databases available to the U.S.
public using the Information Superhighway.

Regards,

Carl Malamud
Internet Multicasting Service

Server protocol: HTTP/1.0
Remote host: trystero.radio.com
Remote IP address: 192.101.98.3

These people can
be reached via their
e-mail address (which
can be found in the
letter's header).

C859039

To: CommOSECMTA@OSECServer16@Servers [S=vice.president/C=US/A=INTERNE
esident(a)whitehouse.gov], William M. Daley@Admin@OSEC =
Cc:
Bcc:
From: S=JLE2/C=US/A=INTERNET/DDA=ID/JLE2(a)aol.com
Subject: Response to Carl Malamud Email Letter of April 27, 1998
Date: Sunday, May 17, 1998 20:19:18 EDT
Attach: MESSAGE1.TXT, SMTP.HDR
Certify: N
Priority: Normal
Defer until:
Expires:
Forwarded by:

A long message has been sent as an enclosure...

OS EXECUTIVE SECRETARIAT
1998 MAY 19 PM 4:38

C858768

OS EXECUTIVE SECRETARIAT

To:

CommOSECMTA@OSECServer16@Servers[S=vice.president/C=US/A=INTERNET/DDA=ID
/vice.president(a)whitehouse.gov]

Cc: William M.

Daley@Admin@OSEC,CommOSECMTA@OSECServer16@Servers[S=brennand/C=US/A=IN
TERNET/DDA=ID/brennand(a)SLU.EDU]

Bcc:

From: S=hagenpa/C=US/A=INTERNET/DDA=ID/hagenpa(a)SLU.EDU

Subject: Patents and Trademarks Should Be On-Line

Date: Tuesday, May 5, 1998 16:04:56 EDT

Attach: SMTP.HDR

Certify: N

Priority: Normal

Defer until:

Expires:

Forwarded by:

Dear Vice President Gore:

I agree with Carl Malamud's argument for putting the full text of U.S. patents on the Internet. It would help our researchers immensely, and would assist the University in developing good technology transfer strategies.

In making technology transfer decisions within the institution, it is important to have access to as much information as possible in order to keep institutional costs in sharing University technology to a minimum. Information on existing U.S. patents would serve to facilitate technology transfer, economic development, and research choices.

I urge you and Secretary Daley to consider Carl Malumud's proposal and help researchers, students, small and large businesses, and University technology transfer officials with access to the information they need.

Thank you for your consideration.

Sincerely,
Patricia Hagen
Director, Office of Research Services
Saint Louis University
St. Louis, Missouri
314-977-2241

C858765

OS EXECUTIVE SECRETARIAT

To: CommOSECMTA@OSECServer16@Servers[S=vice.president/C=US/A=INTERNET/DDA=ID
/vice.president(a)whitehouse.gov]
Cc: William M. Daley@Admin@OSEC
Bcc:
From: S=robert.reese/C=US/A=INTERNET/DDA=ID/robert.reese(a)mindspring
Subject: Patents and Trademarks Should Be On-Line
Date: Monday, May 4, 1998 22:24:30 EDT
Attach: SMTP.HDR
Certify: N
Priority: Normal
Defer until:
Expires:
Forwarded by:

Dear Mr. Vice President,

I wish to voice my support for the inclusion of the Patent and Trademark databases on the Internet. I am a student, a programmer, an IS/IT professional, and an inventor. The information in the PTO's databases is what the whole "Exchange of Information" is all about. I cannot think of a more suitable and worthy cause for the freedom of information, speech, and innovation. I ask that you please consider the proposal laid forth by Mr. Malamud in his letter dated 27APR98 with the utmost seriousness.

Sincerely,

Robert W. Reese
robert.reese@mindspring.com

"Just Imagine..."

0858767

OS EXECUTIVE SECRETARIAT

To: CommOSECMTA@OSECServer16@Servers[S=vice.president/C=US/A=INTERNET/DDA=ID
/vice.president(a)whitehouse.gov]

1998 MAY -8 PM 12:04

Cc: William M. Daley@Admin@OSEC

Bcc:

From: S=stuart/C=US/A=INTERNET/DDA=ID/stuart(a)unidev.com

Subject: Patents and Trademarks Should Be On-Line

Date: Monday, May 4, 1998 17:15:02 EDT

Attach: SMTP.HDR

Certify: N

Priority: Normal

Defer until:

Expires:

Forwarded by:

Dear Mr. Vice President:

As a small business person, I recently needed to look up my new corporation name in order to make sure that I could register it safely without worry that I might, at some time in the future have to change our corporation name. I found to my chagrin that there was no way for me to access this large database without either physically going to our states capital or paying a trademark lawyer greater than \$1500 to research and register our name. No phone call would do, nor letter, nor e-mail. This is truly a sad state of affairs, especially when our country has made such inroads to complete electronic commerce. I understand that Carl Malamud has written a letter, asking you to initiate an online service that would house all patent and trademark data, available for free, to anyone who would want and or need it. I can't explain how much good this would do. For every person thinking of starting a business, for ever inventor, thinking of a product that they believe the world must have, this service would be a boon. To truly embrace the information age, as you purport that you do, we must throw away the idea that certain information is only for the few who can afford it. The cost to such a project would be nominal, and the value infinite. The question is, will you put this database resource online?

Sincerely,

Stuart Horner
Core Communications, Inc.

President

In re: Patent and Trademark Databases On-Line

- As part of its efforts to promote awareness of and provide effective access to patent and trademark information, the Patent and Trademark Office (PTO) provides free access to a broad assortment of patent and trademark information through its Internet Web site. The PTO established its original presence on the Internet in 1991. The first data base to be made available contained patents relating to AIDS research (full text and facsimile images). In November 1995, the PTO inaugurated PatBib, a bibliographic data base of patent information that begins with patents issued in 1976 and that provides patent information including the text of the patent abstract.
- The Internet has been a significant force in changing how the PTO can make patent data available to the public, and we plan to make additional patent and trademark data available on the Internet this year. As with all planned enhancements to our product offerings, we will consider our currently available resources. During Fiscal Year 1999, we plan to enhance our current Internet offerings by adding searchable trademark data and access to status information for patents and trademarks. We will also focus on using the Internet to enhance on-line access to our data bases from the 83 Patent and Trademark Depository Libraries (PTDLs) located throughout the country.
- The PTDLs are a national resource for providing patent and trademark information in a readily accessible manner in every state in the nation. On-line access to our trademark search database, X-Search, is available for a fee at Partnership PTDLs in Detroit, Michigan, and Sunnyvale, California. On-line access to our patent full-text search system is available in 31 PTDLs, and on-line access to our patent image data base is available in our two Partnership PTDLs through high-speed, dedicated communications facilities. Our newest Partnership PTDL in Houston, Texas, will be operational June 1 for both X-Search and patent image data base.
- As for providing access to the entire patent data base, both full text (available in electronic form beginning in 1971) and full images (available as facsimile image data for over 6 million U. S. patents), we will continue to offer public access in our Public Search Facilities in Arlington Va., and our PTDLs throughout the country. This level of access is consistent with current resources and technology. Specifically, the costs involved for providing Internet access to patent images are substantial, and would require diversion of resources and system availability from our examining operations. Additionally, image data would continue to be difficult to "search" since retrieval is possible only by patent number or U.S. Patent Classification prior to 1976. Delivery of large amounts of image data over the Internet, while technically feasible, is not operationally or economically feasible at this time

because of the high bandwidth requirements of image data and the cost of replication of databases outside the PTO firewall.

- In providing patent and trademark data to data base vendors and other members of the public, the PTO recovers only the cost of dissemination in accordance with OMB Circular A-130 and the Paperwork Reduction Act of 1995. We believe that private sector vendors are a vital factor in disseminating patent data. However, due to technology changes, such as the availability of the Internet, we no longer have to rely entirely on private industry to provide for the basic access to the data as we once did. We have found that our Internet offerings set the minimum standard for commercial offerings. We believe that our presence on the Web has enhanced the market for the private sector by raising public awareness and improving ease of access and, hence, increasing demand for value-added products (measured from our baseline) which we rely on the private sector to provide.
- In a recent meeting of the Trademark Advisory Committee, there was unanimous agreement that the cost of providing Trademark data on the Internet should be borne by users of that data and not by Trademark applicants.
- Note that PTO is a fully user fee funded organization that does not rely on taxpayer funds.
- Mr. Malamud has exaggerated the impact of his 1994 Internet offering. He did not, for example, offer the full text of all patent documents. Rather, he loaded only about two years worth of data. Also, the PTO did not object to his putting the data on the Internet; we encouraged it.

Bryant, Vickie

From: Kunin, Steve
To: Huther, Brad; Stoll, Robert; Kirk, Michael
Cc: Bryant, Vickie; Maddox, Georgia; Coleman, Anne
Subject: FW: Aharonian Retracts "Diatribes" (Internet newsgroup message)
Date: Friday, January 06, 1995 7:36AM
Priority: High

FYI

From: Goldberg, Howard
To: Larkins, William
Cc: Kunin, Steve
Subject: RE: Aharonian Retracts "Diatribes" (Internet newsgroup message)
Date: Thursday, January 05, 1995 10:54AM
Priority: High

Thanx for all of the NET data. I pass all of your communications on the AC and DACs.

Thanx

From: Larkins, William
To: Goldberg, Howard; Maulsby, Richard
Subject: Aharonian Retracts "Diatribes" (Internet newsgroup message)
Date: Thursday, January 05, 1995 7:40AM

Yesterday I forwarded an Internet newsgroup message (also reposted on CompuServe's IDEAS & INVENTIONS Forum) from Greg Aharonian entitled "PTO Shuts down an Internet patent search site."

Last night I found the following followup message in the Internet newsgroup from Aharonian on the subject.

=====

From:
news1.digex.net!news2.digex.net!howland.reston.ans.net!europa.eng.gtefsd.com!uhog.mit.edu!bloom-beacon.m
t.edulworld!srctran Wed Jan 4 17:45:41 1995
Newsgroups: misc.int-property,misc.legal.computing,alt.culture.internet
Path:
news1.digex.net!news2.digex.net!howland.reston.ans.net!europa.eng.gtefsd.com!uhog.mit.edu!bloom-beacon.m
t.edulworld!srctran
From: srctran@world.std.com (Gregory Aharonian)
Subject: PATNEWS: PTO did NOT shut down an Internet patent search site
Message-ID: <D1wCEI.8ws@world.std.com>
Organization: The World Public Access UNIX, Brookline, MA
Date: Wed, 4 Jan 1995 19:49:30 GMT
Lines: 175
Xref: news1.digex.net misc.int-property:7082 misc.legal.computing:9767 alt.culture.internet:6595

!19940104 PTO did NOT shut down an Internet search site, but

This morning I sent out a patent news story about how the PTO shut down an Internet patent search site. Well, my phone has been off the hook all morning with people trying to clarify this issue. LAST TIME I WRITE A DIATRIBE :-)

So here is what I learned (along with some more diatribe - I just never learn). During 1994, Carl Malamud at town.hall.org has been supplying the full text to all US 1994 patents searchable by WAIS. He also supplies a wide variety of other databases, especially the SEC EDGAR data that he had to fight to do things with.

For some time, Carl has been trying to organize an effort to put the full text to all of the US patents since 1970 onto the Internet (I suppose in competition with my efforts to do so - a competition I would be glad to lose to Carl, though I wish he had asked me to join in to help with the Boston site). Recently he announced that he has gotten support from MIT, NYU, SUN, MCI, R.R. Donnelley & Sons, and Time Incorporated to do so. Two sites with full Internet access (one in Virginia and one at MIT) and 200 gigabytes of disk space are being supported and established. Other than some more disk space, all that is left is to acquire/buy the full patent text data. It is here that the my story (and first posting) gets very murky and political.

According to Carl, he had asked Commissioner Lehman for the PTO to donate the patent text data to his efforts. At first, the Commissioner agreed to do so. But for some reason (which I will speculate on below), the Commissioner then changed his mind and denied Carl's access for free access to the PTO data. To play politics, Carl then shut off access to his 1994 patent text database for two weeks, which I then publicized this morning.

So I retract what I said. The PTO has no intentions of stopping anyone from doing whatever they want with patent data, but the PTO will not donate any of its databases to free efforts. The PTO is not trying shut down such efforts, so I was wrong about that aspect of this issue. Carl's shut down was of his own volition.

Why did the Commissioner change his mind? I do not know, but let me speculate. As I see it, the PTO probably has any of the following concerns: lost income, accuracy, original overhead and Congressional taxes on their fees.

1) CONGRESSIONAL TAXES

Unique amongst most government agencies is that the PTO is self-supporting as it funds its operations off of the patent fees we all pay. Except. Except that all of our fees first go through the US Treasury, and then Congressional appropriation committees and then to the PTO. It seems a few years ago, the Congressional committees overseeing the PTO and other agencies decided to "pool" all of their monies together and then reappropriate money, using the pool to hide their transferring money from one agency to another. The net effect of this on the PTO is that not all of the money the PTO derives from fees goes to funding PTO operations - some is sent to other agencies. While the PTO had been able to adapt to a fixed "taxed" off the top, it suffered from a few random extra grabs from Congress that screwed up PTO plans.

So I am utterly sympathetic to PTO officials trying to run the PTO without knowing how much of their income will be appropriated elsewhere. So I am not surprised if from time to time the PTO plays politics with issues like access to the PTO patent text files to gain more leverage with Congress to get more of its monies. And personally, I think that not only should the PTO get all of its fee monies, but Congress should throw in an extra 25% from general tax monies. The patenting process and community is too important to this country

to be self funding (as compared to other Government funded activities with much more dubious returns).

So I suspect the Commissioner is engaging in a little politics by turning down Carl's request, especially with blabbermouths like me around to stir up things.

2) LOST INCOME

The PTO currently is selling about 10,000 copies of patents each business day, grossing about \$6,000,000 a year, and probably netting a few million each year. Additionally, it will be making about \$1,000,000 a year selling the full text and images of new patents (to about 50 patent information providers). The PTO knows that not only are there efforts like Carl's to provide free access to patent text, but there are also others working to provide both text and images to the public over the Internet and other modes at costs equal to or less than what the PTO charges. For example, I have had rumors that Microsoft is developing its own patent database that probably will be part of its Internet online service, and we all know how cutthroat with prices Microsoft can be. You can all figure that sometime in 1995 someone will be selling fulltext and images of US patents over the Internet somewhere in the range of \$2 to \$4 a piece, if not less (especially text for free).

The PTO knows (or should know) that it can't stop these trends. However given the potential losses of income that the PTO could experience, I would not be surprised that the PTO isn't overly thrilled about such activities (though probably more thrilled that Dialog et.al.). While it can't do anything to stop such activities, it doesn't have to support them, since it is not under any obligation to do so.

So I suspect someone at the PTO might have pointed this out to the Commissioner after he agreed to provide the data to Carl, so he changed his mind.

3) ACCURACY

There are some at the PTO who argue that public efforts like Carl's and mine that provide free access to patent data over the Internet will suffer from accuracy problems. Maybe the Commissioner turned down Carl's request because it might have created an implied liability for the PTO if Carl's operation introduced errors into the patent data.

Let me say this about accuracy. First, people on the net know that free things should be treated a tad skeptically for that very reason. But so warned, people can continue without any problems. If they find something interesting or questionable, most will figure to order a paper copy just to make sure. Second, we don't make any more mistakes than the PTO does. This charge has been hurled at my Internet site and I don't like it.

But I would not be surprised if the Commissioner felt there might be an implied liability if the PTO donated data to Carl's effort and so backed off.

4) OVERHEAD

The PTO spends many millions of dollars having pieces of paper with patent information converted into machine readable form. It could somewhat justify its actions at not providing free patent data by arguing that it has to recover some of the costs to prepare the data. Sure OMB A130 says the PTO has to do so reasonably, but A130 is worded too loosely to be used by amateur citizens. Why should it be unfair for the PTO to ask for fees for patent data that reflects these costs?

It isn't, but it doesn't help for the PTO to send out conflicting signals. Until quite recently, it cost about \$2000 a year to subscribe to the PTO to receive on magnetic tapes the full text to new patents each week, and \$6000 to receive the images each week, kind of a cost recovery pricing scheme to just cut the magnetic tapes that are sent out. Now under a fair value pricing scheme, the PTO is charging about \$6000 a year for patent text and \$18,000 for patent images.

Thus for example, it will cost Carl \$120,000 to buy all of the patent text since 1970, which is why he asked the PTO to donate to his efforts. The question is: are these price levels unreasonable? Who knows, as it involves PTO budgets and Congressional meddling. But looking at PTO calculations for their pricing of APS access by the patent depositories, I think there are ways that the PTO can operate with their patent data that are less costly by making better use of existing technology.

But the PTO (or more accurately patent applicants) pays for preparing the data originally, so it deserves some compensation for that as long as it is a self supporting agency.

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What does all mean? Despite his politicking, Carl will probably succeed one way or another in getting the full text to US patents since 1970 onto the Internet for free access. The data either will be donated by the PTO, bought from the PTO, bought from a private supplier, or donated by a private supplier. It is just not that fundamentally difficult of a problem.

Despite its politicking, the PTO is going to have to adjust its operations to reflect the Internet, and face a future of decreasing revenues from the sales of patent information. I suppose if Congress provides the lost income, the PTO wouldn't care, since it has more important things to do than being in the business of selling patent data.

And despite their contrived rationalizations, patent data providers like Dialog will see the sales of raw patent data vanish over the long term.

But about my original posting that the PTO acted to shut down Carl's Internet patent searching site, I was wrong.

Ireg Aharonian

Internet Patent News Service

For subscription info, send 'help' to patents@world.std.com)

For prior-art search services info, send 'prior' to patents@world.std.com)

For WWW patent searching, try <http://sunsite.unc.edu/patents/intropat.html>)