
* ES/OS *
* * *

CONTROLLED CORRESPONDENCE

Logo
Mr. Lehman
cc: OLA
Mr. [unclear] [unclear] Comm

CONTROL #: C540726

DATE DUE IN EXEC SEC: / /

WHITE HOUSE CONTROL #:

PRIORITY: NONE

ACTION AGENCY: PTO

COORDINATE WITH:

ADDRESSED TO: SECY

SIGNATURE LEVEL:

INSTRUCTION: FOR INFORMATION

95 AUG -9 PM 12: 16
U.S. PATENT
AND
TRADEMARK OFFICE
ASSISTANT SECRETARY
AND COMMISSIONER

FROM: MALAMUD, CARL
(IMS)

TITLE:

SALUTATION:

NUMBER OF COSIGNERS: 0

SUBJECT: REQUEST THE PUBLIC IS ABLE TO MAINTAIN ACCESS TO
KEY DATABASES

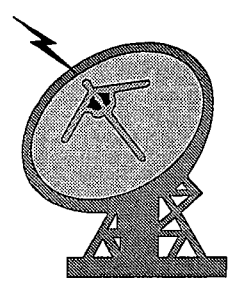
INFO COPIES: ES,

RECEIVED: 08/08/95

ASSIGNED: 08/08/95

THE CORRESPONDENCE ANALYST FOR THIS DOCUMENT IS BD
BD

August 4, 1995



IMS

Carl Malamud
President

Hon. Thomas Daschle
U.S. Senate
Washington, D.C. 20515

Dear Senator Daschle:

You will find enclosed letters that were sent today to Chairman Levitt of the Securities and Exchange Commission and Commissioner Lehman of the Patent and Trademark Office. For the past 19 months, the non-profit Internet Multicasting Service has posted SEC and Patent electronic documents on the Internet, providing over 4.7 million documents free of charge to the American public. Over 20,000 documents per day are distributed through this "information safety valve," the only readily available public source for these key government databases.

On October 1, we will terminate this service. As a public service, our small non-profit, with corporate contributions, a National Science Foundation grant, and a joint venture with New York University, undertook this demonstration project. We wanted to show that there is a cost-effective, secure, technically effective way to get large government databases distributed to the American public. The project has clearly succeeded.

Our users range from college students looking for jobs to corporate engineers to senior citizen investment clubs to workers trying to track their mutual funds. The two-year demonstration project ends October 1, and we are concerned that neither the SEC nor the Patent office have taken any steps to ensure that a public source of data remains available.

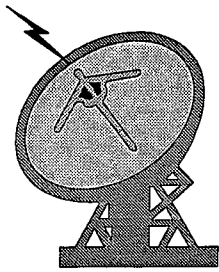
Under the leadership of both Congressional Republicans and the Clinton Administration, the Congress and the President recently passed the Paperwork Reduction Act. This law makes it an obligation of agencies to ensure that their information be made available in an equitable manner to all citizens with a diversity of public and private sources.

On October 1, there will be no diversity and no equitable access. Let me give you a concrete example. Microsoft's annual report for 1994 is available on our system at no charge to the user. The largest commercial source for this data, Lexis-Nexis, sells the same document for \$622. We certainly defend their right to sell documents at any price: that's the American way. But, it is only common sense that there must be alternate sources available for such important public information.

The SEC and Patent documents are basic enabling documents for our information economy. The purpose of the public disclosure requirements in the SEC Acts of 1933 and

THE INTERNET MULTICASTING SERVICE

SUITE 1155 • THE NATIONAL PRESS BUILDING • WASHINGTON, D.C. 20045
TEL: (202) 628-2044 • FAX: (202) 628-2042 • EMAIL: Carl@Radio.COM



IMS

1934 is to guide investment dollars to the right portions of our marketplace. The very purpose of our Patent system is to encourage the rapid growth of technology and science by documenting the state of our knowledge. These databases are not products or profit centers, they are the very fuel of our information economy.

This issue is clearly nonpartisan. The Clinton Administration has repeatedly praised our efforts, calling the Patent project "a big win for the American public" and the SEC project "an Administration priority." The *Contract with America* made equitable and timely distribution of government information a priority. President Clinton, on the bill's signing, remarked on the fact that there was not a single dissenting voice in Congress for this important piece of legislation!

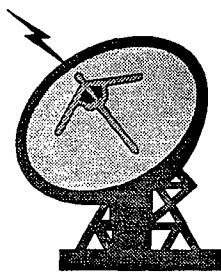
This issue is a key test of our resolve to build a National Information Infrastructure. Will the remarkable advances in of our public policy towards new technology in the past 2 years turn into something real, or will the efforts of a few government bureaucrats block change? Will the new law be turned into an empty symbol of what might have been? Will public information become truly public or will we continue to auction America's databases to the highest bidder?

I hope you will take steps to ensure that the public is able to maintain access to these key databases in an equitable and timely manner.

Sincerely,

Carl Malamud

August 4, 1995



IMS

Carl Malamud
President

Commissioner Bruce A. Lehman
U.S. Patent and Trademark Office
14th and Constitution, N.W.
Washington, D.C. 20321

Dear Commissioner Lehman:

Since January, 1994, the non-profit Internet Multicasting Service has maintained an on-line database of U.S. Patent documents, as well as the full text of SEC Edgar documents, for the American public to access at no charge. This service will terminate on October 1, 1995.

Our on-line service allows keyword searches of the full text of U.S. Patents using the WAIS, World Wide Web, Gopher, and Electronic Mail services. Bulk transfers are available via the File Transfer Protocol. A digital signature is added to each document to allow users to verify the contents. Background material and links to additional resources are also maintained on the system.

Since January, 1994, we've sent out over 1.5 million Patent documents to the public. Over 2900 documents per day are now being distributed, and there is a strong demand by users for the full database (the more fully developed SEC system, for example, sends out over 17,000 documents per day). Our current database of patent documents is 180,000 files and 7.1 Gbytes. Given the current average rate of data, we estimate that a year of your data is approximately 4.5 Gbytes.

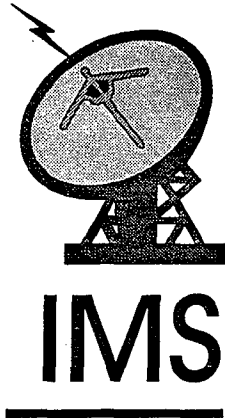
Based on the access figures and the size of your database, it would be a trivial task to put the entire Patent database available on the Internet. The cost of computer equipment, routers, and disk drives is well under \$150,000. Our staff maintains the Patent dissemination service for well under 0.5 FTE of a systems programmer and 0.5 FTE of a developer, for a total labor cost of under \$100,000. Internet access is under \$25,000/year. If you depreciate the equipment over 3 years, the total cost per year of providing Internet access to your entire database is \$175,000.

Our Patent and EDGAR service has been funded partially by a grant from the National Science Foundation. Additional support was provided by our corporate sponsors, by a coalition of university research centers, and with a great deal of "sweat equity" and our own money added by our dedicated staff committed to this important public service.

Recently, the Congress passed and the President signed the Paperwork Reduction Act, which becomes law October 1. This bill was a key provision of the *Contract with*

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America and has received the strong support of the Clinton administration. The law reads:

"(d) With respect to information dissemination, each agency shall--

"(1) ensure that the public has timely and equitable access to the agency's public information, including ensuring such access through--

"(A) encouraging a diversity of public and private sources for information based on government public information;

"(B) in cases in which the agency provides public information maintained in electronic format, providing timely and equitable access to the underlying data (in whole or in part); and

"(C) agency dissemination of public information in an efficient, effective, and economical manner;

In case there is any doubt, the committee reports go on to stress that information dissemination is an "integral part of the information life cycle," and emphasize that the purpose of the law is to "enunciate clearly the obligation of Federal agencies to ensure effective public access to government information."

Many of us have learned from the last two years of this demonstration project. It has been remarkable to see how large a portion of the American public has interest in these key documents. It has also been remarkable to see the advances in technology that allow dissemination to all members of the public a realistic and cost-effective goal. We hope you will embrace both the spirit and the letter of the laws recently passed by the Congress and signed by the President and that you will ensure that Patent data remains available on-line and does not get auctioned off to the highest bidder. We look forward to seeing your Internet service and will continue to be available to your staff as you make this important transition to the information age.

Sincerely,

A handwritten signature in black ink, appearing to read "Carl Malamud".

Carl Malamud

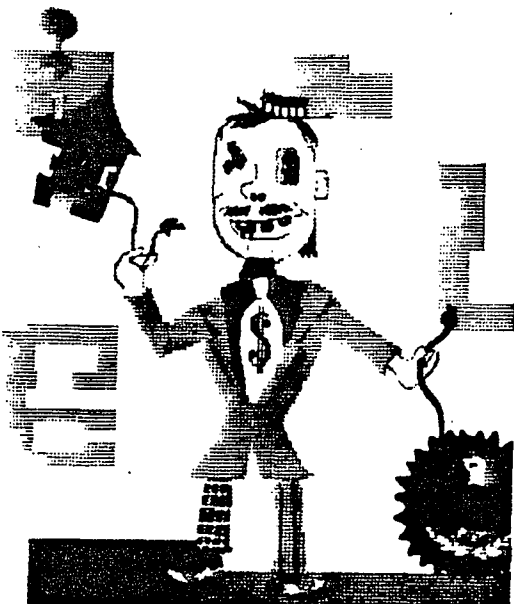
cc: Vice President Gore
Hon. Ron Brown, Secretary of Commerce
Ms. Sally Katzen, Office of Management and Budget

Hon. Newt Gingrich, Speaker of the House
Hon. Robert Dole, Majority Leader of the Senate
Hon. Connie Mack, Republican Conference Secretary
Hon. Thomas Daschle, Minority Leader of the Senate
Hon. Richard Gephardt, Minority Leader of the House

JAMES

GLEICK

Washington Unplugged



IF YOU HAVE TIME ON your hands and cash to spare, you can walk into the Patent and Trademark Office in Arlington, Va., sit down at a computer terminal and browse through the entire technological history of the United States, invention by invention: the drawings and descriptions of Morse, Whitney and Bell; the paper clip, the transistor and the accelerating rush of scientific creativity in modern times.

"We have basically all the images and text going back to 1790," says the commissioner, Bruce Lehman. "That's unique in the world. This is a fabulous data base." It is a treasure trove for scientists, historians, students — anyone who needs to see the art and thinking of the inventors who came before.

Now the bad news. It will cost you \$40 an hour, a pro-

hibitive price for any but the most specialized user. Alternatively, you can dial into a private data service like Lexis or Dialog and pay even more — fees that can amount to hundreds of dollars an hour for public information.

This is the Information Age, Washington style. As a citizen of the United States, you have accumulated valuable property, in the not-so-ethereal form of data. And most of it is locked away where you cannot get at it.

Every time an inventor receives a patent, the secrets of the invention become available to the public for their perusal. The same is true of every planetary image beamed from a space vehicle, every corporate filing before the Securities and Exchange Commission, every decision of every judge, every Geological Survey map, every Fed-

eral health study and ultimately every memo of the President's, scrawled or E-mailed. They all join a virtual public library — arguably the most valuable storehouse of data on the planet. It is also one of the most archaic: scattered across departments, poorly catalogued and expensive to access. And, with few exceptions, it is off line.

Meanwhile, across the Potomac from the patent office, in a tiny room in the District of Columbia, sits the Internet Multicasting Service, which is not much more than a fast telephone line attached to a donated work station and disk drives. The service has obtained the patent data for last year and the first months of this year and put it on line, free, fully indexed and searchable. Carl Malamud, the service's founder, says he could just as easily offer the entire historical data base — but the office won't give him the data.

"They treat this as a product, but it's not a product — it's enabling information," he says. It is, or should be, fuel for the information economy.

The patent office already has a high-bandwidth Internet connection. That could easily enable any of the millions of home and business computers with access to the Internet to plug into its system and see what a user sees at that Arlington terminal, just as any computer can now plug into the New York Public Library's on-line catalogue or the data bases of thousands of other libraries. The public has already paid more than \$400 million to create a patent data base available only to walk-in traffic.

So why not go on line? The commissioner's responses echo the reasoning of scores of other government agencies, Federal and local, facing the same issue:

• *It's not our job.* "We're

not a library," Lehman, the commissioner, says. "It's not the fundamental purpose of the patent office. Now if Congress wants to change that they can, and they can provide us with a tax appropriation to do that."

• *We're doing it anyway, as fast as we can.* "It has always been part of our plan to provide a plug into the patent office to outsiders," Lehman says. "We are not at this moment in time in a position to open up that plug for technological reasons."

• *And, we must not compete with the private sector.* "We're developing a big information industry in the United States. We already see about 30 companies that feed off the patent office, and we want to encourage that. Part of what we're trying to do is bootstrap new industries."

That last argument sounds attractive, until you realize that those companies are lobbying for the privilege of paying the Government *more* — in other words, they want to forestall competition. They belong to an industry that has used heavy, targeted campaign contributions to protect its stake in an economic model that is rapidly becoming obsolete: scarce data sold to specialists at high prices. West Publishing, with a near monopoly on the Government's court data bases, is a costly example, as lawyers quickly discover. The Internet has created a different model: information of all kinds, a mass audience, low prices.

Lehman acknowledges that private-information services lobby him hard to keep prices up; he denies being influenced by their pleas. Nevertheless, the patent office, like many other Federal agencies, sells its data mostly on old-style mainframe computer tapes, at prices low enough to guarantee enormous profits for commercial services but just high enough to prevent widespread distribution.

A potentially far-reaching new statute, passed with little fanfare this spring, requires Government agencies to make electronic data available for no more than the "cost of dissemination." Twenty-five years of patent data — for which the patent office charges nearly \$200,000 — would fit on tape cartridges costing no more than a few hundred dollars. How to explain that gap? The office's arithmetic counts not just the tapes and the few technician-hours that would be needed to fill them with data, but also fuzziier items: general staff time, updating the data bases and "customer service."

This is an Administration that has jawboned hard for the on-line world since taking office. The White House has an elegant home page on the Internet, with digital renditions of official seals, speeches and their press releases — political information sitting in for the real thing. Yet where the truly valuable data bases are concerned, the Clinton Administration has produced no comprehensive plan for the future.

It may not be necessary. The White House could take a powerful step forward merely by leaning on its bureaucrats: ordering them not just to comply with the new public-information law but to embrace it. That would mean taking the crucial phrase *cost of dissemination* literally — cheap disks or tapes; duplicating and shipping and nothing else.

"People are concerned about universal access — the wire running into your house will be the easy part," says James Love, director of the Taxpayer Assets Project, a Washington advocacy group. "Certainly the one thing people shouldn't have to worry about is government information, the thing they own as taxpayers. There'll be lots of other things they won't be able to afford. At least this should be available." ■

Business Day

The New York Times

D1

FRIDAY, OCTOBER 22, 1993

U.S. Shifts to Freer Policy on Data Access

Continued From First Business Page

information as a commodity, often available for sale to private industry. The new policy encourages Federal agencies to make as much information as possible available to the public with fees as low as possible.

The project underscores how rapidly changing computer and network technologies are making it possible to offer low-cost access to Government information that has previously been available only on paper in libraries or electronically on mainframe computers that were difficult and expensive to tap into from remote locations. But increasingly, that mainframe data can be transferred easily to inexpensive work stations.

It also emphasizes the rapidly increasing scope of Internet as the forerunner of a national data highway that is expected to carry computer data, video and voice conversations beginning in the next century.

The project, financed with a \$660,000 two-year grant from the science foundation, is being undertaken by the Stern School of Business at New York University and a small Washington company, the Internet Multicasting Service. They plan to make the Friday announcement.

Currently the S.E.C. data base, called the Edgar Dissemination Service, is operated under contract by Mead Data Central. Mead acts as a data wholesaler, providing a variety of computer data feeds to the retail information industry.

Under this system, a retail information provider, like Mead Data's own Nexis service, charges about \$15 for each S.E.C. document, plus a connection charge of \$39 an hour and a printing charge of about \$1 a page.

The only fees to use the S.E.C.'s data base under the science foundation's project would be for access to the Internet, for which pricing varies. Commercial access can be bought for as little as \$2 an hour. But many college students now obtain Internet access as part of their tuition costs and many businesses buy a high-speed Internet connection that might cost the company hundreds or thousands of dollars each month but permits employees to share unlimited access to the network.

A legislative-affairs lawyer for the Information Industries Association, Ronald Plesser, said the industry would not oppose the project as long as the Government did not intend to restrict commercial publishing of Federal data.

"We have no problem with data bases being made available over the Internet," Mr. Plesser said. "But there has to be an interest in insuring a diversity of sources. We don't want a Government monopoly on the ownership and dissemination of Government information."

Representative Edward J. Markey, a Massachusetts Democrat who is chairman of the House Telecommunications Subcommittee has been pushing for greater public access to the S.E.C.'s Edgar Dissemination Service. He said today that he applauded

the science foundation's move.

"I've been trying to launch Edgar into cyberspace for the last year, and I think the S.E.C. finally gets it," Mr. Markey said, adding that he expected the project to stimulate the commercial market rather than hurt it.

"The Internet will prove to be a friend of the private information providers," he said. "It gives people a taste of what on-line information is."

The company involved in the project, the Internet Multicasting Service, is a nonprofit organization founded by Carl Malamud, an economist who developed computer technology for the Federal Reserve Bank. Mr. Malamud has also been instrumental in creating technology that is capable of broadcasting information including audio, video and data over the Internet.

"We're not interested in replacing Mead Data," Mr. Malamud said. "I'm not in the financial data base business. This is designed to demonstrate the effectiveness of this technology."

He said that the data would be delayed by a day, in contrast to the instant access that is provided by some on-line publishers for financial professionals. Under the terms of the science foundation grant, the New York University researchers will buy raw data and then reformat it so that it can be obtained easily over the Internet through Mr. Malamud's organization. Mr. Malamud said he hoped to have the new data base service operating by the end of the year.

U.S. Shifts To a Freer Data Policy

Computer Network To Carry S.E.C. File

By JOHN MARKOFF

Special to The New York Times

SAN FRANCISCO, Oct. 21 — In the clearest indication yet of the Clinton Administration's willingness to offer broader public access to Government information, the National Science Foundation is financing a project that will make corporate filings to the Securities and Exchange Commission available free via a computer network.

The decision to support the project, which will provide access to the S.E.C.'s on-line data base of financial data from America's public corporations, is a shift away from the Federal information policies under Presidents Ronald Reagan and George Bush. Those Administrations favored letting private companies sell printed and electronic versions of Government data.

Although the National Science Foundation project, which will be announced on Friday, is a test, it has broad implications for creating fast, inexpensive consumer access to public records of all sorts. The precedent could threaten the huge industry that has grown up to sell financial records, court cases and other public documents over services like Mead Data Central's Nexis and Lexis networks.

An Administration 'Priority'

"This is a priority for this Administration," said Michael Nelson, special assistant to the director of the White House Office of Science and Technology policy. "This is another indication of the Administration's commitment to make Federal information more available to the taxpayers who paid for it."

The project will make disclosure of information from corporations accessible to anyone who has access to the Internet computer network through a modem or a direct network link. The Internet, a loose collection of computer networks that is administered by the National Science Foundation, is now routinely accessible from most university campuses and businesses.

Internet access is rapidly becoming a feature of many commercial on-line computer services as well. Some 20 million computer users are connected to the Internet.

"This is a wonderful example of how the Internet might be used to provide access to Government information," said Marc Rotenberg, national director of the Computer Professionals for Social Responsibility, a Washington public interest group.

In June, the Office of Management and Budget announced that it was reversing previous Administration policy that had defined Government

Continued on Page D7

Battle Brews Over Fees for SEC Reports

Group Believes Public Should Have Free Access

By Robert Thomason
Washington Post Staff Writer

Need electronic data about the quarterly revenue of a publicly traded company? Traditionally you've had to buy the information. Now, the government database that contains it is being tapped by on-line activists who, for the time being at least, are managing to distribute it for free.

It's all perfectly legal. With government and private funding, the Washington-based Internet Multicasting Service is buying raw financial data that companies file to the Securities and Exchange Commission's "Edgar" database, then putting it on the Internet computer network, where it can be retrieved by people worldwide.

The service has fueled a debate in many government agencies as cost-conscious Republicans come to power and electronic technology advances: Should agencies put on-line for free myriad information that they generate daily, or should they charge for it and save taxpayers some serious money?

Pioneers of the information highway say

See SEC, page 20

BESTSELLERS

Most popular titles in the entertainment category sold by 11 Software Etc. stores in the area in the week ended Dec. 31.

TITLE	PUBLISHER
1. Myst	Broderbund
2. Wing Commander III	Origin
3. Star Trek: The Next Generation Technical Manual	Simon & Schuster
4. Doom II	ID/GT Interactive
5. King's Quest VII	Sierra Online
6. Cyberia	Interplay
7. U.S. Navy Fighters	Electronic Arts
8. Creature Shock	Virgin
9. Omar Sharif on Bridge	Interplay
10. The 7th Guest	Virgin

WASHINGTON BUSINESS/JANUARY 9, 1995

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Washtech

SEC Report Charges Create Internet Debate

SEC, from page 17

the public deserves free, or at least very inexpensive, access to the SEC's huge Edgar system, which stands for Electronic Data Gathering, Analysis and Retrieval. It contains reports that publicly traded companies are required to file with the SEC.

But the SEC is resisting, choosing instead to sell the data to computer services companies that repackage it and sell it on to the public. The SEC is required to fund itself, officials point out, and revenue from these sales is a big help.

The Internet Multicasting Service, a small nonprofit organization developing new uses of the Internet, began its SEC work in January 1993 with a grant from the National Science Foundation. That grant expires this year, so the service is lining up private help. So far, money or in-kind help has been pledged by Massachusetts Institute of Technology and New York University, Sun Microsystems Inc., MCI Communications Corp., RR Donnelley & Sons Co. and Time Inc.

Carl Malamud, president of Internet Multicasting, has called the coalition the Information Highway Beautification Fund.

Although he is celebrating the successful fund-raising effort, he still believes that the government should cover the cost of disseminating information that citizens have helped to generate by paying their taxes.

Internet Multicasting and its ally in this effort, Taxpayer Assets Project, are heartened by recent Republican moves to expand on-line access to government information. But they have not received commitments from GOP lawmakers about free public access to Edgar.

"The role of the SEC is to provide information to the market," Malamud said.

As the federal government expands its presence in electronic media, putting the data on the Internet for free would be an excellent way to pursue the SEC's goal, he said. He estimated that an Internet operation would require about \$100,000 to start up and would need two employees to maintain.

But the SEC, which experienced years of delays and more than \$20 million in cost overruns to launch the Edgar project in the first place, is loathe to embark on new ventures when experienced and well-known companies pay well for the opportunity to do it.

David Copenhafer, who directs Edgar for the SEC, says the agency has neither the technical expertise nor the legal mandate to supply financial information in the sophisticated ways demanded by many computer users. The SEC collects raw data, but the data-service companies don't typically resell it that way;

they "add value" by breaking it down into meaningful units.

"There will be hundreds of different products making use of the Edgar data to meet a tremendous spectrum of needs," Copenhafer said.

The database industry can meet these needs through their many technologies, he said, while the SEC cannot pretend to meet these needs with a single Internet database.

The information already is becoming available through a variety of computer media.

Several companies are loading SEC data on CD-ROM discs. Moody's Investor Service Inc. is offering CD-ROMs of Edgar data at \$995. Another company, Edgar Express Corp. of Florida, provides filings on a CD-ROM, but charges \$4 for the password necessary to access the data in a single file in it.

In addition, the SEC is working with the Government Printing Office, which will produce a CD-ROM of Edgar data. And a local firm, DBT Design of Fairfax, is training companies to file to the new system.

Dayton, Ohio-based Lexis-Nexis is the prime SEC contractor that disseminates on-line data. The firm sells instantaneous feeds of SEC filings at a regulated annual prices of \$183,000 or \$138,000, depending on the speed of transmission used. It also provides, each day, computer tapes of the previous day's filings for \$78,000 per year. The information is also available on Lexis-Nexis.

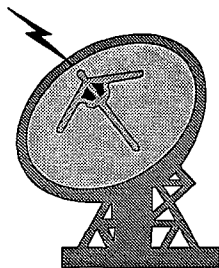
Sharon O'Donoghue, director of corporate legal markets for Lexis-Nexis, predicted that inexpensive Internet access to raw SEC data would not cut into Lexis-Nexis's business.

Most business customers do not want entire SEC documents, which are now available on the Internet and can be more than 100 pages long, O'Donoghue said.

Instead, she said, they want highly specific information about companies that would enhance their particular investment strategies. And some need it in a matter of seconds, or else the information is useless, she added.

In development since 1983, Edgar is scheduled to include filings from all of the 15,000 public companies this summer. The SEC operates the system in offices in Springfield, where it receives the data from the filing companies, compiles it and ships it electronically.

To access Internet Multicasting's Edgar data, Internet subscribers can use the gopher function to reach gopher.town.hall.org, the ftp function to reach ftp.town.hall.org, or the World Wide Web to reach www.town.hall.org. Information can also be obtained through electronic mail by sending a message to mail@town.hall.org, with the word help as the text of the message.



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Mr. Lehman

cc: OLIA

Assoc Comm
August 4, 1995

Read this

See to Dennis Shaw

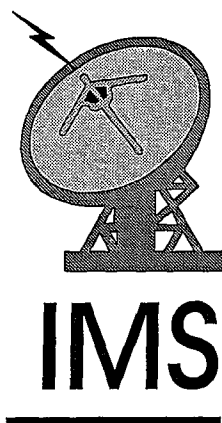
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35-

Time?

THE INTERNET MULTICASTING SERVICE

SUITE 1155 • THE NATIONAL PRESS BUILDING • WASHINGTON, D.C. 20045
TEL: (202) 628-2044 • FAX: (202) 628-2042 • EMAIL: Carl@Radio.COM



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Sincerely,

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Carl Malamud

cc: Vice President Gore
Hon. Ron Brown, Secretary of Commerce
Ms. Sally Katzen, Office of Management and Budget

Hon. Newt Gingrich, Speaker of the House
Hon. Robert Dole, Majority Leader of the Senate
Hon. Connie Mack, Republican Conference Secretary
Hon. Thomas Daschle, Minority Leader of the Senate
Hon. Richard Gephardt, Minority Leader of the House