



# The United States Patent and Trademark Office (USPTO)

October 1, 2010 –  
September 30, 2011

*The USPTO was created as a separate entity in 1802.*

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**Agency Mission:**  
*Fostering innovation, competitiveness and economic growth, domestically and abroad to deliver high quality and timely examination of patent and trademark applications, guiding domestic and international intellectual property policy, and delivering intellectual property information and education worldwide, with a highly skilled, diverse workforce.*

**Agency Vision:** *Leading the Nation and the World in Intellectual Property Protection and Policy.*

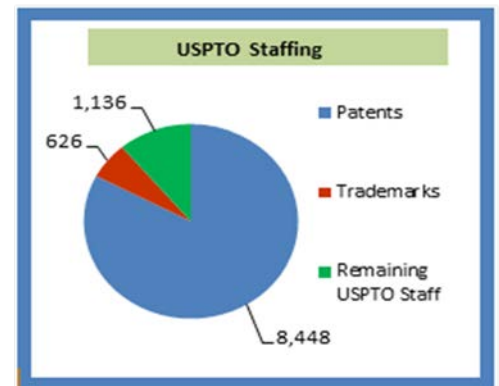
## Agency Objectives

As a part of the Department of Commerce (DOC), the USPTO is uniquely situated to support the accomplishment of the Department's mission to *create the conditions for economic growth and opportunity by promoting innovation, entrepreneurship, competitiveness, and stewardship*. The Agency is led by the Under Secretary of Commerce for Intellectual Property and Director of the USPTO who consults with the Patent Public Advisory Committee and the Trademark Public Advisory Committee. The Public Advisory Committees (<http://www.uspto.gov/about/advisory/index.jsp>) for the USPTO were created by statute. The Advisory Committees consist of citizens of the United States chosen to represent the interests of the diverse users of the USPTO.

The USPTO has two major components: the Patent organization and the Trademark organization, which are teamed with several other supporting units. The Agency is headquartered in Alexandria, Virginia.

## America Invents Act

After six years of tireless efforts by the Congress, the Administration and stakeholders, the President signed into law the *Leahy-Smith America Invents Act* (AIA) (Pub. L. No. 112-29) on September 16, 2011. The AIA supports the USPTO's efforts to improve patent quality, reduce the backlog of patent applications, reduce domestic and global patenting costs for U.S. companies, provide greater certainty in patent rights, and offer effective alternatives to costly and complex litigation. It sets forth some of the biggest changes to the patent system in almost 200 years. It moves the invention precedence standard from first-to-invent to a first-inventor-to-file system, which is more aligned with global intellectual property (IP) standards. It also significantly moves the USPTO toward a more sustainable funding model (fee setting authority). It also provides enhanced proceedings for post-grant patent reviews.



## How Have We Progressed

A **patent** for an invention is the grant of a property right to the inventor.

A **trademark** is a word, name, symbol, or device that is used in trade with goods to indicate the source of the goods and to distinguish them from the goods of others.



Registered trademark characters at the 2010 National Trademark Expo in Alexandria, Virginia.

*Did you know ... that the USPTO granted 244,430 patents in fiscal year 2011?*

*Did you know ... that the USPTO registered 177,661 trademarks in fiscal year 2011?*

PERFORMANCE HIGHLIGHTS	FY 2011 Target	FY 2011 Actual	FY 2010 Target	FY 2010 Actual
Average Length of Time From Filing Until Initial Determination of the Patentability of an Invention	23.0	28.0	25.4	25.7
Average Number of Months to Obtain a Patent	34.5	33.7	34.8	35.3
The Percentage of Patents Applications Found to be Compliant With Applicable Rules and Laws	95.6% -	95.4%	94.5%	96.3%
The Percentage of Office Actions Prior to Allowance or Rejection Found to be Compliant with Applicable Rules and Laws	94.6% -	95.2%	94.0%	94.9%
Patent Applications Filed Electronically	90.0%	93.1%	90.0%	89.5%
Average Number of Months Before Trademark Review is Initiated	2.5 to 3.5	3.1	2.5 to 3.5	3.0
Average Number of Months to Obtain a Trademark	12.5	10.5	13.0	10.5
The Percentage of First Office Actions Consistent with the Quality Standards established by the Trademark Organization	95.5%	96.5%	95.5%	96.6%
The Percentage of Final Office Actions Consistent with the Quality Standards established by the Trademark Organization	97.0%	97.0%	97.0%	96.8%
Trademark Applications Processed Electronically	68.0%	73.0%	65.0%	68.1%

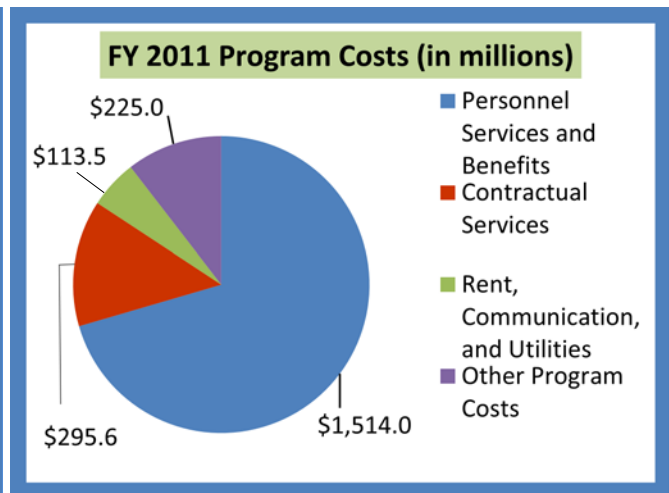
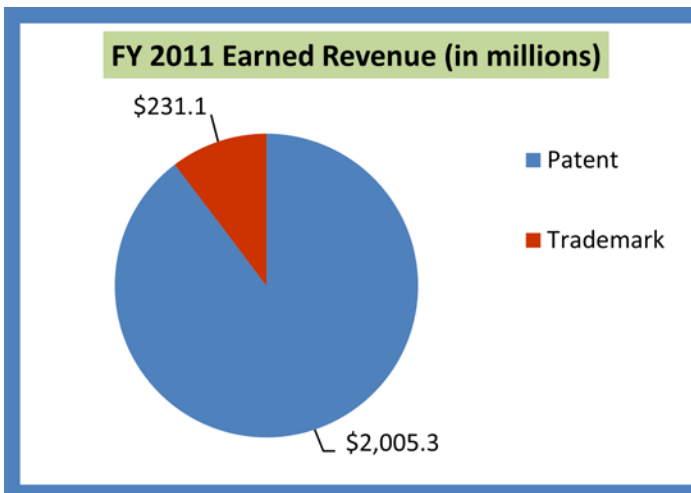
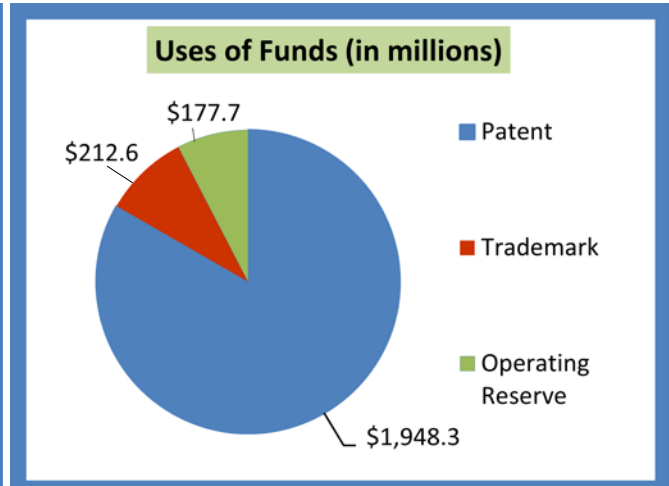
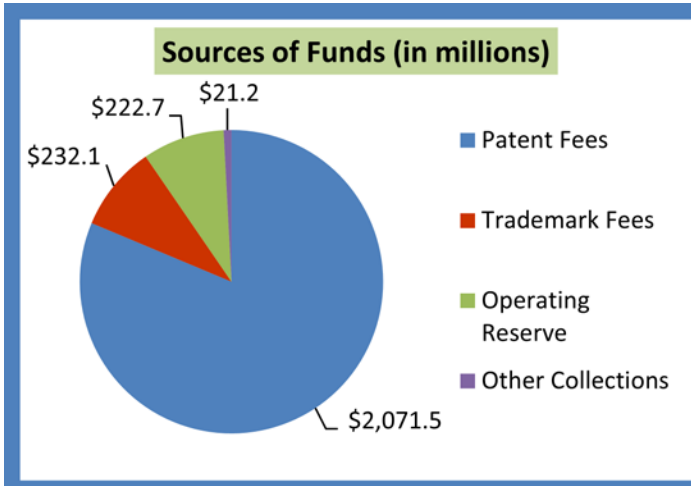
The above performance metrics are used to measure actions taken in line with the *USPTO 2010-2015 Strategic Plan*, which is designed to strengthen the capacity of the USPTO by focusing on a specific set of goals and the steps we must take to reach those goals, as follows:

- Provide timely examination of patent applications: Reduce the average time to first office action for patent applications to 10 months (average time from filing until an examiner's initial determination on patentability), and average total pendency to 20 months (average time from filing until the application is issued as a patent or abandoned)
- Improve quality of patent examination
- Improve/enhance patent appeal and post-grant processes
- Optimize trademark quality and maintain pendency
- Demonstrate global leadership in all aspects of IP policy development
- Improve information technology infrastructure and tools
- Implement a sustainable funding model for operations

These performance metrics were designed as a part of the *USPTO 2010-2015 Strategic Plan*. Input was solicited from our employees and stakeholders to assure that the Agency operates under the best measures of performance.

## Finances and Budget

*The USPTO operates on fees for patents and trademarks.  
No taxpayer dollars are used for agency operations.*



The USPTO financial management process ensures that management decision-making information is dependable, internal controls over financial reporting are effective, and that compliance with laws and regulations is maintained. The issuance of the financial statements is a component of the USPTO's objective to continually improve the accuracy and usefulness of its financial management information. Complete financial information can be found at [http://www.uspto.gov/about/stratplan/ar/2011/mda\\_06.html](http://www.uspto.gov/about/stratplan/ar/2011/mda_06.html).

The USPTO received an unqualified (clean) audit opinion from the independent public accounting firm of KPMG LLP on its FY 2011 financial statements. This is the 19th consecutive year that the USPTO received a clean opinion. Our unqualified audit opinion provides independent assurance to the public that the information presented in the USPTO financial statements is fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. In addition, KPMG LLP reported no material weaknesses or significant deficiencies in the USPTO's internal control, and no instances of non-compliance with laws and regulations affecting the financial statements.

The audit opinion can be found at [http://www.uspto.gov/about/stratplan/ar/2011/fs\\_03\\_audit\\_02.html](http://www.uspto.gov/about/stratplan/ar/2011/fs_03_audit_02.html).

## Management Challenges and What's Ahead

The distance between innovation and the marketplace is shrinking. Said another way, innovation is moving more quickly from creation to manufacture and distribution. Intellectual property is a necessary instrument for innovators and businesses to capture value as ideas move to the marketplace. In performing its mission—quality examination and disposition of patents and trademarks—the USPTO faces significant challenges.

The America Invents Act (AIA) will promote innovation and job creation by improving patent quality, clarifying patent rights, reducing the application backlog, and offering effective alternatives to costly patent litigation. It also significantly moves the USPTO toward a more sustainable funding model (fee setting authority). Implementation of the Act's provisions presents numerous challenges and the USPTO looks forward to actively engaging stakeholders to ensure that implementation is accomplished in a proper and timely manner. Our challenges requiring action are:

1. Build and Focus on Improvements
2. Manage and Execute to Goals
3. Continue to Move to an Electronic Workplace
4. Strengthen Global Intellectual Property Rights Systems
5. USPTO Funding Model
6. Recruit and Hire, Develop and Retain the Right Skills and Talent
7. Communication and Human Capital Management
8. Create Information Technology Enterprise Architecture that Supports Mission-Critical Business and Programmatic Requirements

We would like to hear from you!  
Please let us know what you think  
about this report by emailing

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Under Secretary Kappos stated, "The intellectual property community deserves to have high quality patents and trademarks issued in a timely manner. Intelligent investment in the USPTO IT infrastructure holds the potential to dramatically accelerate the USPTO towards that goal. That's why I'm aggressively pushing the agency to completely modernize our IT systems—not just to incrementally improve, but to radically re-invent our systems from scratch."



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**2011 PAR:**

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