

The United States Patent and Trademark Office Citizen Centric Report

October 1, 2015 — September 30, 2016

UNITED STATES
PATENT AND TRADEMARK OFFICE



Inside this report

- 2 How We Have Progressed
- 3 Finances and Budget
- 4 Management Challenges and What's Ahead

Agency Mission

Fostering innovation, competitiveness and economic growth, domestically and abroad by delivering 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.

Did you know...

82% of all Patent staffing are patent examiners and 73% of all Trademark staffing are trademark examining attorneys?

Agency Objectives

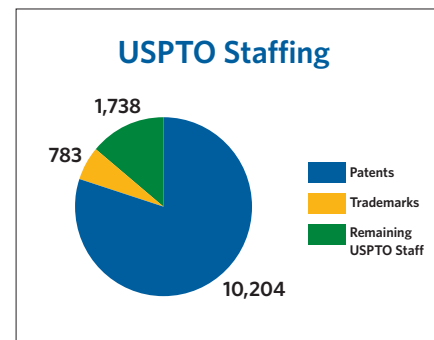
As an agency within the Department of Commerce (DOC), the United States Patent and Trademark Office (USPTO) is uniquely situated to support accomplishing the DOC's mission to create the conditions for economic growth and opportunity. The agency is led by the Under Secretary of Commerce for Intellectual Property and Director of the USPTO who consults with the Patent Public Advisory Committee (PPAC) and the Trademark Public Advisory Committee (TPAC). The Public Advisory Committees (www.uspto.gov/about/advisory/) 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. Headquartered in Alexandria, Virginia, the USPTO also has offices in Detroit, Michigan; Denver, Colorado; Dallas, Texas; and San Jose, California.

The USPTO administers the laws relevant to patents and trademarks and advises the Secretary of Commerce, the President of the United States, and the Administration on patent, trademark, and copyright protection, and trade-related aspects of intellectual property (IP). These activities give innovators, businesses, and entrepreneurs the protection and encouragement they need to turn their creative ideas into tangible products, and also provide protection for their inventions and trademarks.

Regional Offices

In early fiscal year (FY) 2016, the USPTO opened its two newest regional offices in San Jose and Dallas, joining two existing offices in Detroit and Denver. Even before the "official" openings, these offices were serving as local hubs of innovation, education, and outreach in temporary offices. All four offices provide a broad range of USPTO services to the local innovation communities, while acting as a more direct and convenient conduit for feedback from stakeholders on how the agency can better serve their needs.



The USPTO was created as a separate entity in 1802.

How We Have Progressed

PERFORMANCE HIGHLIGHTS	FY 2016 Target	FY 2016 Actual	FY 2015 Target	FY 2015 Actual
Average Number of Months From Filing Until Initial Determination of the Patentability of an Invention	14.8	16.2	16.4	17.3
Average Number of Months to Obtain a Patent	25.4	25.3	27.7	26.6
Average Number of Months Before Trademark Review is Initiated (First Office Action)	2.5 - 3.5	3.1	2.5 - 3.5	2.9
Average Number of Months to Obtain a Trademark	12.0	9.8	12.0	10.1
Percentage of First Office Actions Consistent with the Quality Standards established by the Trademark Organization	95.5%	97.1%	95.5%	96.7%
Percentage of Final Office Actions Consistent with the Quality Standards established by the Trademark Organization	97.0%	97.8%	97.0%	97.6%
Percentage of Trademark Applications Processed Electronically	82.0%	84.8%	80.0%	82.2%

A **patent** is an intellectual property right granted by the government of the United States of America to an inventor “to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States” for a limited time in exchange for public disclosure of the invention when the patent is granted.

A **trademark** is a word, phrase, symbol or design, or a combination of words, phrases, symbols, or designs, that identifies and distinguishes the source of the goods of one party from those of others.

The above subset of performance metrics are used to measure actions taken in line with the USPTO 2014-2018 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 (average time from filing until an examiner’s initial determination on patentability) to 10 months, and average total pendency (average time from filing until the application is issued as a patent or abandoned) to 20 months;
- 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; and
- Improve relations with employees and stakeholders.

Complete discussions of the above performance metrics can be found in the 2016 Performance and Accountability Report located at www.uspto.gov/annualreport in the Performance Information section beginning on page 52.

These performance metrics were designed as a part of the USPTO 2014 - 2018 Strategic Plan. Input was solicited from our employees and stakeholders to assure that the agency operates under the best measures of performance.

Did you know...

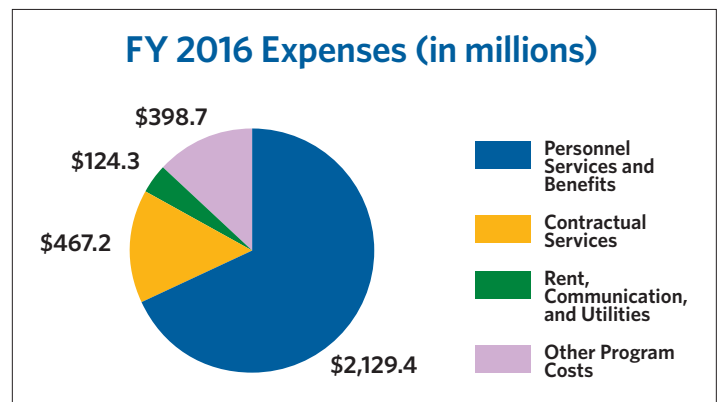
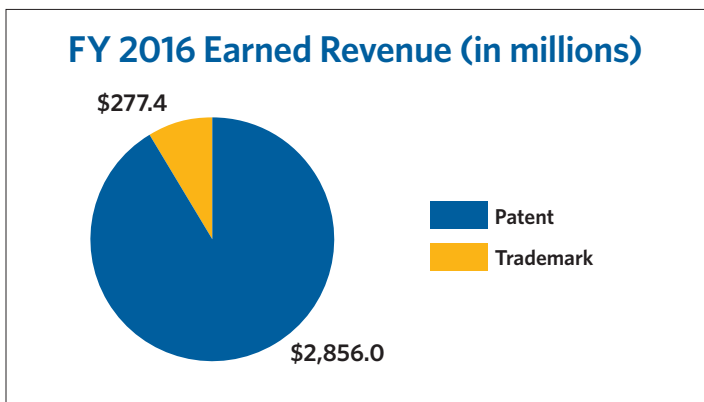
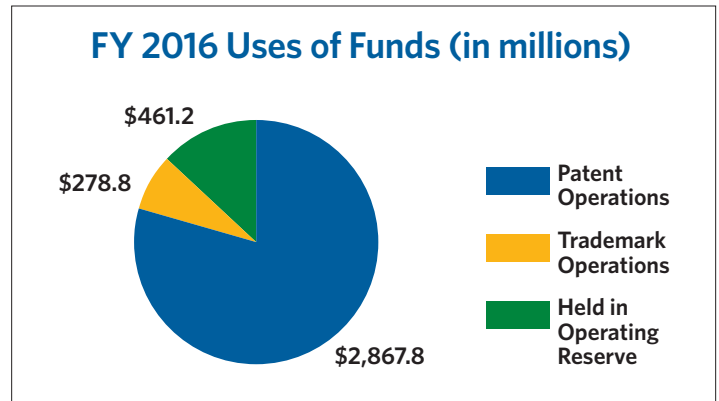
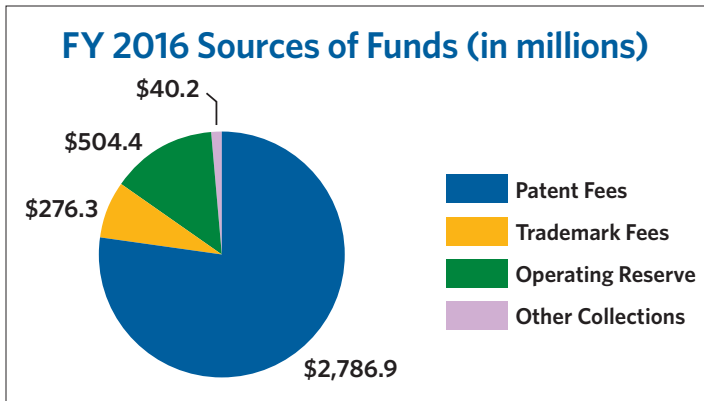
that the USPTO issued 334,107 patents in fiscal year 2016? This represents a 4% increase from fiscal year 2015.

Did you know...

that the USPTO registered 227,407 trademarks in fiscal year 2016? This represents a 9% increase from fiscal year 2015.

Finances and Budget

The USPTO operates using 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 compliance with laws and regulations is maintained. The USPTO issues financial statements as a part of our effort to continually improve the accuracy and usefulness of its financial management information. Complete financial information can be found in the 2016 Performance and Accountability report located at www.uspto.gov/annualreport in the Management Discussion and Analysis section (beginning on page 34).

The USPTO received an unmodified (clean) audit opinion from the independent public accounting firm of KPMG LLP on its fiscal year 2016 financial statements. This is the 24th consecutive year that the USPTO received a clean opinion. Our unmodified 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 in the USPTO's internal control, and no instances of non-compliance with laws and regulations affecting the financial statements. The auditors noted one significant deficiency in general IT controls during FY 2016, for which remediation efforts are already underway to address the underlying concerns.

The audit opinion can be found in the 2016 Performance and Accountability report located at www.uspto.gov/annualreport in the Financial section (beginning on page 153).

Management Challenges and What's Ahead

Achieving success is not without its challenges. The USPTO is committed to overcoming its challenges in its implementation of strategic goals, objectives, and initiatives as enumerated in the 2014 - 2018 Strategic Plan.

We continue to focus on addressing our challenges to:

1. Complete implementation of a sustainable funding model;
2. Continue to issue high-quality patents, while improving the accuracy, clarity, and consistency of patents that are issued, as well as how patent quality is measured;
3. Successfully implement the patent dispute resolution portions of the Leahy-Smith America Invents Act;
4. Create information technology enterprise architecture and tools that support mission-critical business and programmatic requirements; and
5. Manage the wave of legal challenges to the interpretation and the regulations implementing the Leahy-Smith America Invents Act.

Additional Information

Complete workload information can be found in the 2016 Performance and Accountability report located at www.uspto.gov/annualreport in the Other Accompanying Information section (beginning on page 177).

<p>Did you know...</p> <p>of all 50 states, California received the most issued patents (45,175) in fiscal year 2016?</p>	<p>Did you know...</p> <p>of all foreign countries, Japan received the most issued patents (53,046) in fiscal year 2016?</p>
<p>Did you know...</p> <p>of all 50 states, California received the most registered trademarks (35,578) in fiscal year 2016?</p>	<p>Did you know...</p> <p>of all foreign countries, China received the most registered trademarks (10,582) in fiscal year 2016?</p>



We would like to hear from you. Please let us know what you think about this report by emailing PARmail@uspto.gov



United States Patent and Trademark Office

Office of Planning and Budget
600 Dulany Street
Alexandria, VA 22314

Phone
571-272-3333

Fax
571-273-0127

Agency Website
www.uspto.gov

2016 Performance and Accountability Report
www.uspto.gov/annualreport