

# The United States Patent and Trademark Office Citizen Centric Report

October 1, 2016 — September 30, 2017



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## 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 66% of all Trademark staffing are trademark examining attorneys?

## Agency Objectives

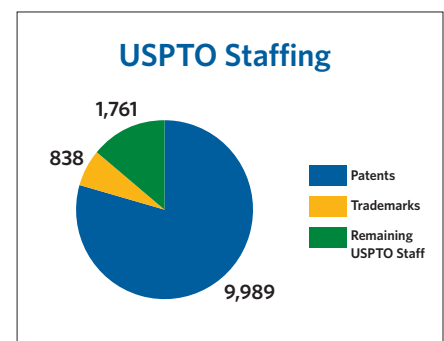
As an agency within the Department of Commerce (DOC), the United States Patent and Trademark Office (USPTO) is uniquely situated to support accomplishing the DOC's mission to create the conditions for economic growth and opportunity. The agency is led by the Under Secretary of Commerce for Intellectual Property and Director of the USPTO who consults with the Patent Public Advisory Committee and the Trademark Public Advisory Committee. The Public Advisory Committees ([www.uspto.gov/about/advisory/](http://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. Its policy and international work is spearheaded by the Office of Policy and International Affairs. 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.

## Fee Setting

The USPTO's fees are set at rates intended to cover the cost of services provided, including maintaining prudent operating reserves that help mitigate the high level of complexity and uncertainty in the agency's operating environment. In October 2016, the USPTO issued a final rule to set or increase certain trademark fees. In January 2017, these revised trademark fee rates went into effect. Also in October 2016, the USPTO issued a notice of proposed rulemaking to set or increase certain patent fees. After carefully considering stakeholder feedback, the USPTO issued a final rule in November 2017.



The USPTO was created as a separate entity in 1802.

## How We Have Progressed

PERFORMANCE HIGHLIGHTS	FY 2014	FY 2015	FY 2016	FY 2017
Average Number of Months from Filing until Initial Determination of the Patentability of an Invention	18.4	17.3	16.2	16.3
Average Number of Months to Obtain a Patent or Abandonment	27.4	26.6	25.3	24.2
Average Number of Months Before Trademark Review is Initiated (First Office Action)	3.0	2.9	3.1	2.7
Average Number of Months to Determine Registrability or Receive a Notice of Allowance or Trademark Registration	9.8	10.1	9.8	9.5
Percentage of First Office Actions Consistent with the Quality Standards Established by the Trademark Organization	95.8%	96.7%	97.1%	97.3%
Percentage of Final Office Actions Consistent with the Quality Standards Established by the Trademark Organization	97.2%	97.6%	97.8%	98.3%
Percentage of Trademark Applications Processed Electronically	80.7%	82.2%	84.8%	86.5%

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 2017 Performance and Accountability Report located at [www.uspto.gov/annualreport](http://www.uspto.gov/annualreport) in the Performance Information section beginning on page 42.

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 347,243 patents in fiscal year 2017? This represents a 4% increase from fiscal year 2016.

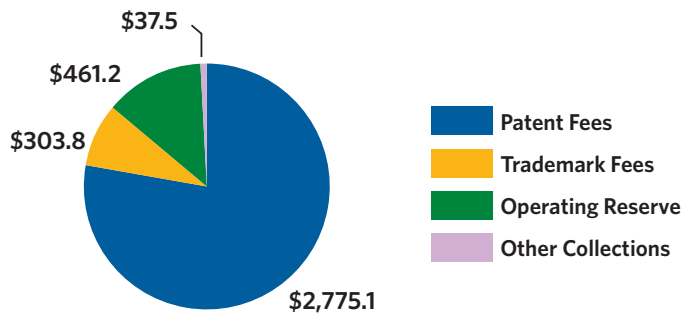
### Did you know...

that the USPTO registered 242,709 trademarks in fiscal year 2017? This represents a 7% increase from fiscal year 2016.

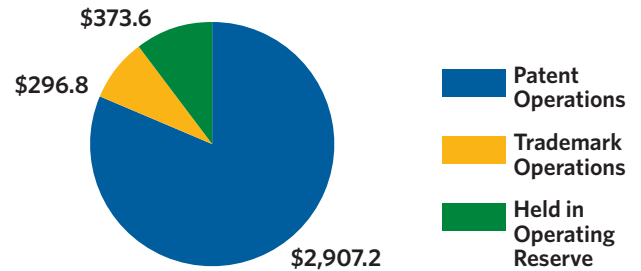
## Finances and Budget

The USPTO operates using fees for patent and trademark services. No taxpayer dollars are used for agency operations.

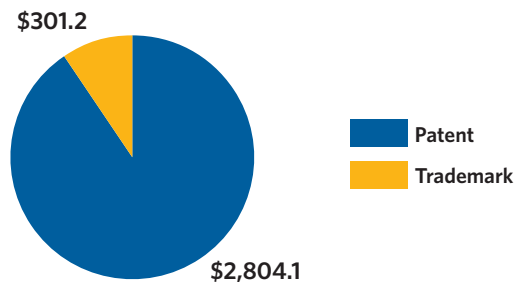
### FY 2017 Sources of Funds (in millions)



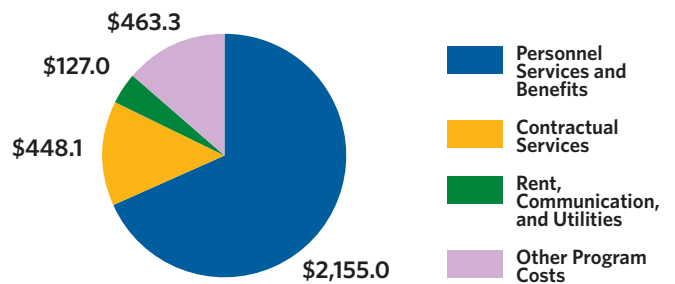
### FY 2017 Uses of Funds (in millions)



### FY 2017 Earned Revenue (in millions)



### FY 2017 Expenses (in millions)



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 2017 Performance and Accountability report located at [www.uspto.gov/annualreport](http://www.uspto.gov/annualreport) in the Management Discussion and Analysis section (beginning on page 24).

The USPTO received an unmodified (clean) audit opinion from the independent public accounting firm of KPMG LLP on its fiscal year 2017 financial statements. This is the 25th 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 2017, for which remediation efforts are already underway to address the underlying concerns.

The audit opinion can be found in the 2017 Performance and Accountability report located at [www.uspto.gov/annualreport](http://www.uspto.gov/annualreport) in the Financial section (beginning on page 144).

## 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. Attain and maintain full, sustainable funding and continue to optimize the management of USPTO's financial resources;
2. Successfully implement the patent dispute resolution portions of the Leahy-Smith America Invents Act;
3. Create information technology enterprise architecture and tools that support mission-critical business and programmatic requirements; and
4. 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 2017 Performance and Accountability report located at [www.uspto.gov/annualreport](http://www.uspto.gov/annualreport) in the Other Accompanying Information section (beginning on page 167).

<p><b>Did you know...</b></p> <p>of all 50 states, California received the most issued patents (45,683) in fiscal year 2017?</p>	<p><b>Did you know...</b></p> <p>of all foreign countries, Japan received the most issued patents (51,743) in fiscal year 2017?</p>
<p><b>Did you know...</b></p> <p>of all 50 states, California received the most registered trademarks (36,514) in fiscal year 2017?</p>	<p><b>Did you know...</b></p> <p>of all foreign countries, China received the most registered trademarks (23,893) in fiscal year 2017?</p>



We would like to hear from you. Please let us know what you think about this report by emailing [PARmail@uspto.gov](mailto:PARmail@uspto.gov)



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**2017 Performance and Accountability Report**  
[www.uspto.gov/annualreport](http://www.uspto.gov/annualreport)