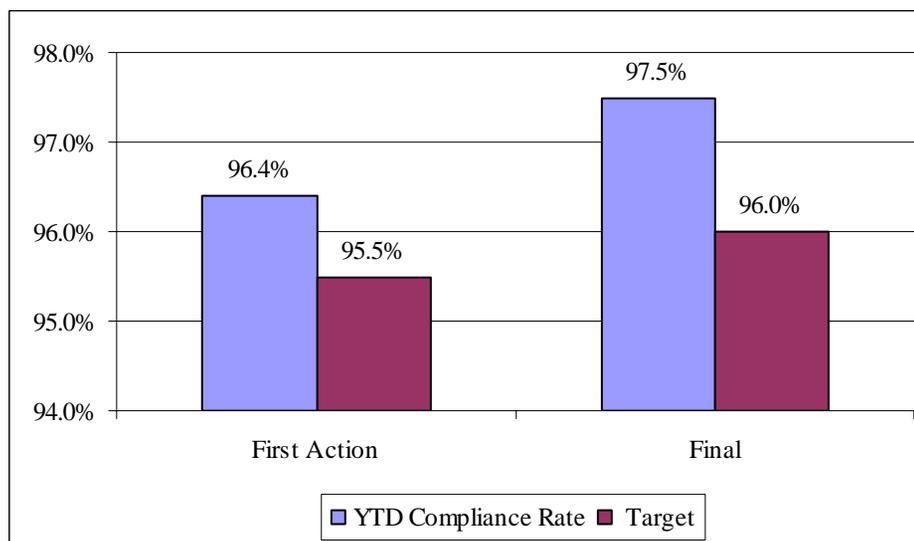


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Quality

Trademark quality is determined through an evaluation of current, in-process first office actions and final decisions to reject or approve an application for publication. The compliance rate is a measure of the percent of actions or decisions that have been determined to have no deficiencies or errors. A thorough review of 521 first action letters and 539 final decisions, for a total of 1,164 applications were conducted during the first quarter. This review included an analysis of “excellent,” “satisfactory” and “deficient” work with regard to the overall writing and evidence in the office actions and the decision-making determinations of every aspect of the application examination. The review also included an analysis of all aspects of the examining attorneys’ handling of every substantive and procedural issue in the letters. Applying the “in-process review” standard of quality for determining the deficiency rate for statutory refusals under §2, including §2(d) the first action compliance rate was 96.4 percent or better than the target of 95.5 percent; the final compliance rate was 97.5 percent or better than the target of 97 percent.

The basis for determining the final compliance is a new measure for FY 2009. The results include final office actions to reject an application which were previously reported as well as examiner decisions to approve applications. The results are more comprehensive of the decisions made by examiners.



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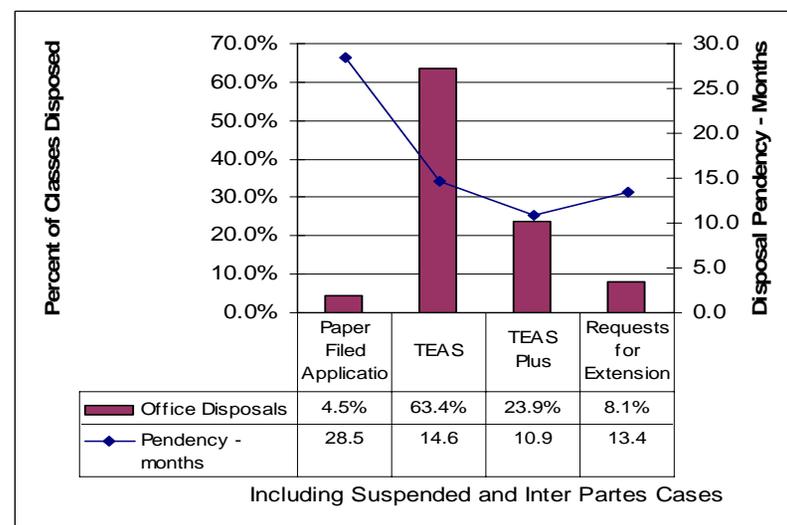
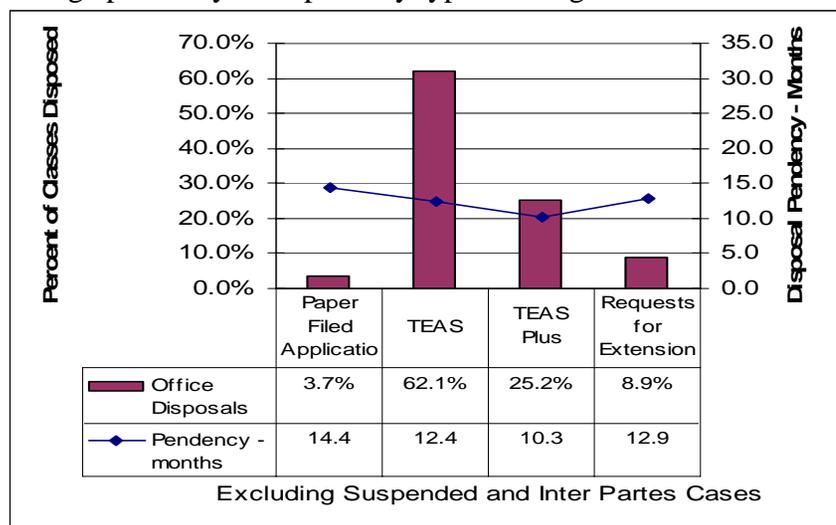
Trademark E-Gov

More than 97 percent of trademark applications are filed electronically.

The USPTO has continued to enhance the system and expand the number and type of transactions that can be completed on-line. Twenty-four forms are currently available for domestic filing with three additional forms for international filings under the Madrid Protocol. Nearly ninety percent of all applications are filed through the Trademark Electronic Application System (TEAS) with thirty-four percent of those based on TEAS Plus. The remainder are international applications or requests for extension of protection. Ninety-six percent of initial applications were filed electronically in 2008 including international filings.

A new measure to address the major USPTO strategic challenge to complete full electronic workflow and file management for receiving and processing trademark applications and related documents has been developed to identify the degree to which we are able to receive, process, examine and dispose of an application in a completely electronic environment. Through December, 60 percent of office disposals (registrations and abandonment's) were electronically filed and processed. Our target for the year is 62 percent.

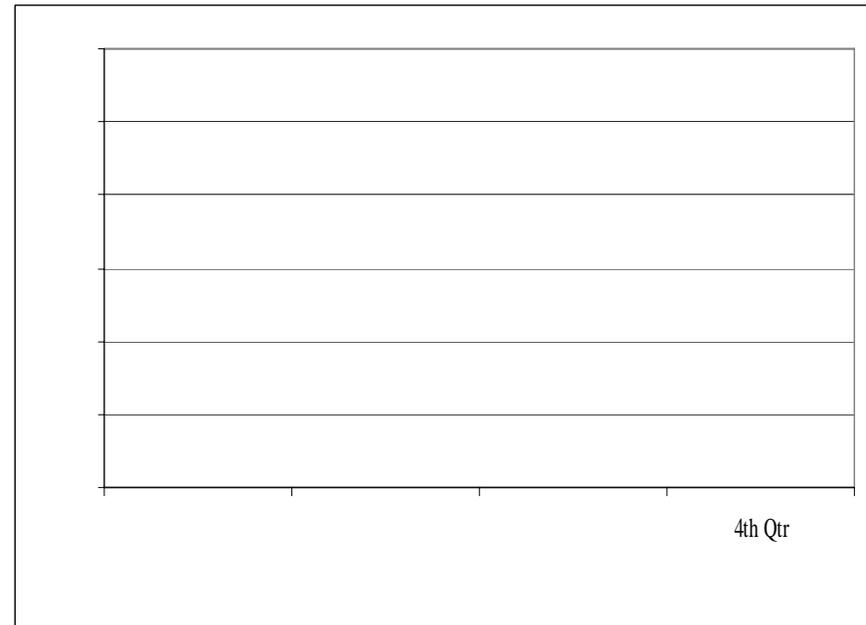
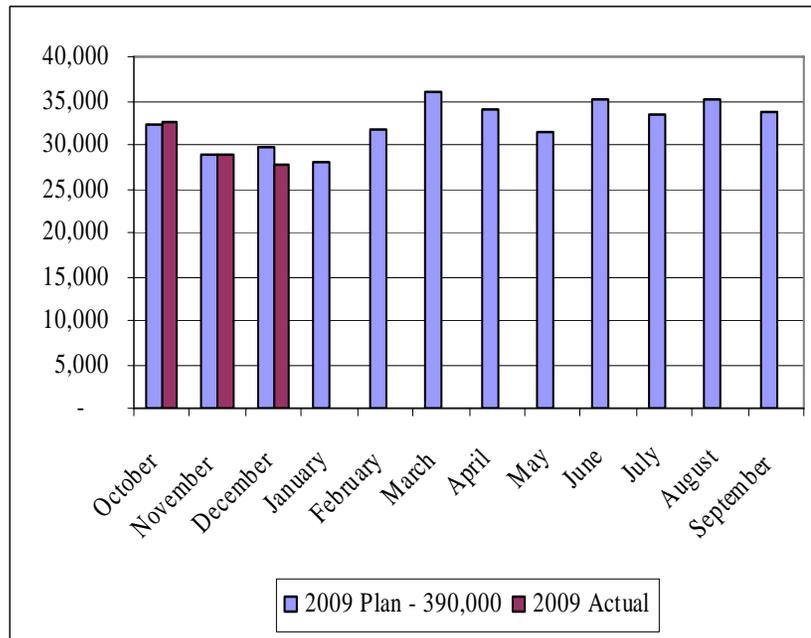
Applications that are filed electronically are processed and disposed more quickly than paper filed applications as evidenced by the average pendency at disposal by type of filing.



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Trademark Application Filings

Application filings were 66,204 for a total of 89,137 classes for the quarter. Classes filed were 2.2 percent less than plan and 10.7 percent less through the same period in FY 2008. Applications are projected to be 2.8 percent less than FY 2008 or 390,000 classes. Application filings decreased in the third and fourth quarters of FY 2008 ending the year 1.8 percent higher than FY 2007. Application filings may vary considerably on a monthly basis but have increased at a more predictable rate on a quarterly basis. The trend that began in the second half of FY 2008 appears to be continuing into FY 2009.

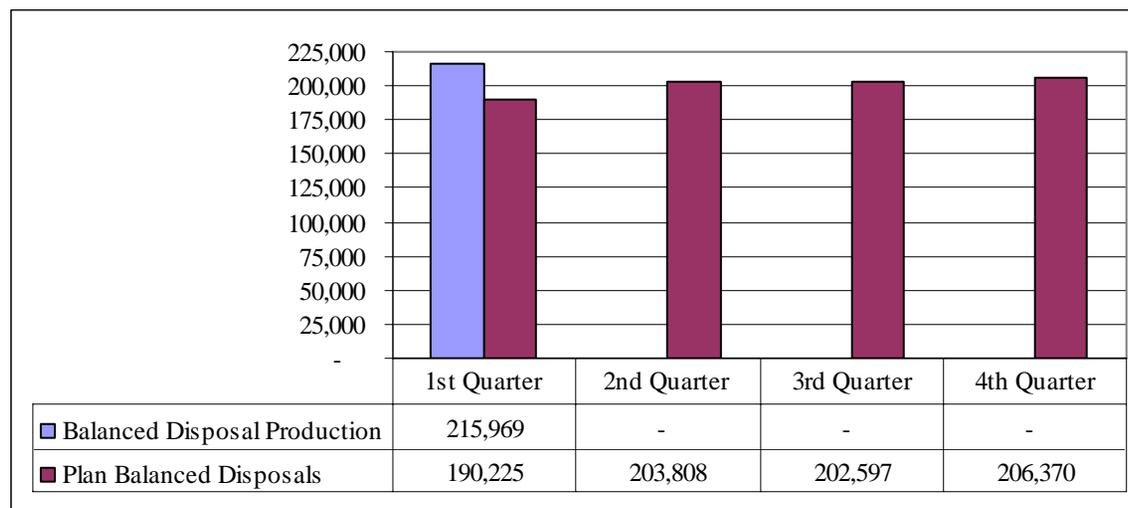


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Examiner Production

Examiner production is based on “balanced disposals” or credits that examiners are given as they complete work or take “action” on the total number of classes within an application. Examiners take one action for completing an initial examination and making a determination regarding the registrability of the mark or “first action” on an application, and one for either approving an application for publication or abandonment. The examiner production requirement is based on a quarterly production requirement and their grade level. Performance is evaluated based on the number of actions taken and the quality of work according to the terms of the Performance Appraisal Plan (PAP).

The balanced disposal production target for the year is 803,000 classes based on expected new application filings, inventory, and historical percentages of work completed and the number of actions necessary to maintain first action pendency between 2.5 and 3.5 months. Total examiner production was 215,969 or 13.5 percent higher than planned for the quarter and .2 percent less than a year ago. Examiners disposed of 106,976 classes including 84,129 that were approved for publication. Production is planned to be nearly 4 percent less than the 2008 target based on lower projected filings and office inventory.



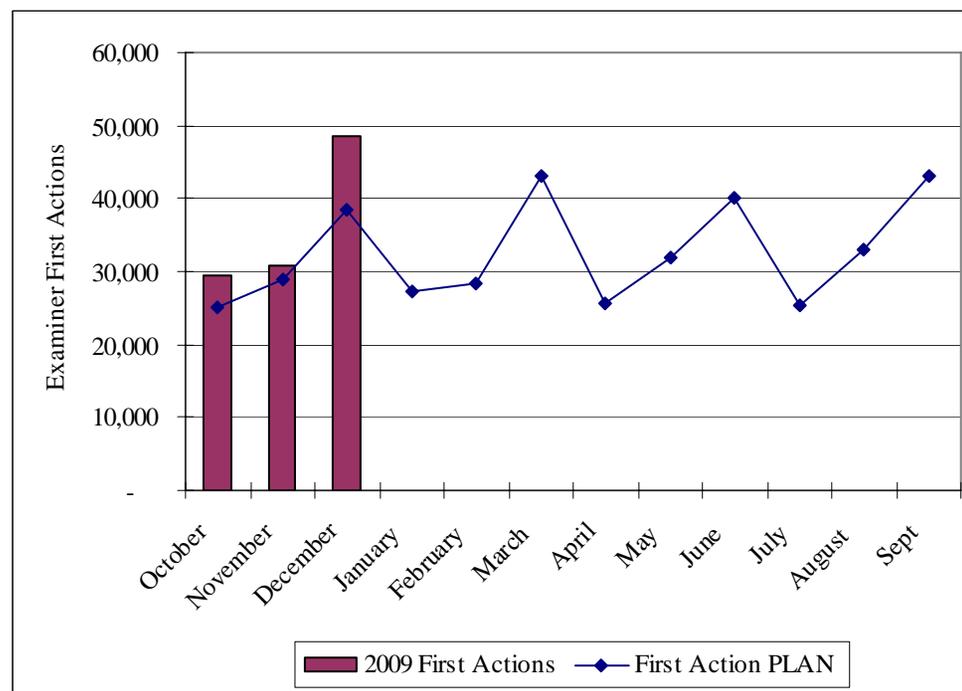
Examiner Productivity

Examiner productivity averaged 2,183 balanced disposals per FTE based on 98.95 FTE on regular time paid hours. Productivity including comp time hours was 2,166 per FTE based on 99.7 FTE.

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First Actions

108,993 first actions on new applications were taken during the first quarter; 18.2 percent above plan, 4.4 percent more than the first quarter of FY 2008 and 17 percent higher than December 2007. First action production accounted for 54 percent of total examiner production for the month. First action pendency is within the planned target range of 2.5 to 3.5 months. Increased use of electronic forms and in particular, TEAS Plus, have improved the efficiency of examination resulting in increased numbers of applications approved for publication on first action.



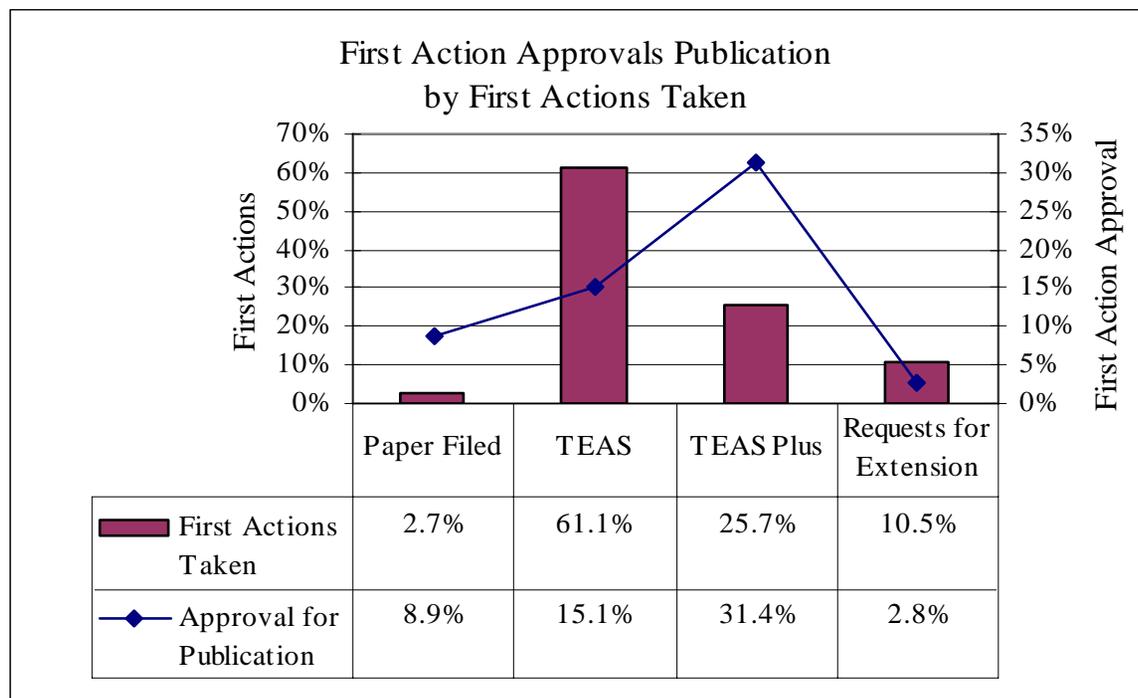
Examiner Staffing

396 examiners were on board at end of the first quarter, 2 fewer than the start of the fiscal year. Examiner staffing and hiring requirements are monitored along with filings, inventory, production levels and attrition. No hiring is planned for fiscal year.

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First Action Approval for Publication

The rate at which examiners are able to approve applications for publication on the first action is an indication of the merits of the application as well as its completeness. Applicants are required to submit a complete application when filing a TEAS Plus application which is reflected by the high approval rate relative to other types of filings. TEAS Plus applications comprised 25 to 26 percent of the first actions taken; of those slightly more than 31 percent were approved on the first action more than double the rate for TEAS filings and triple the rate for paper filed applications. Examiners approved 17.8 percent of applications for publication on first action.

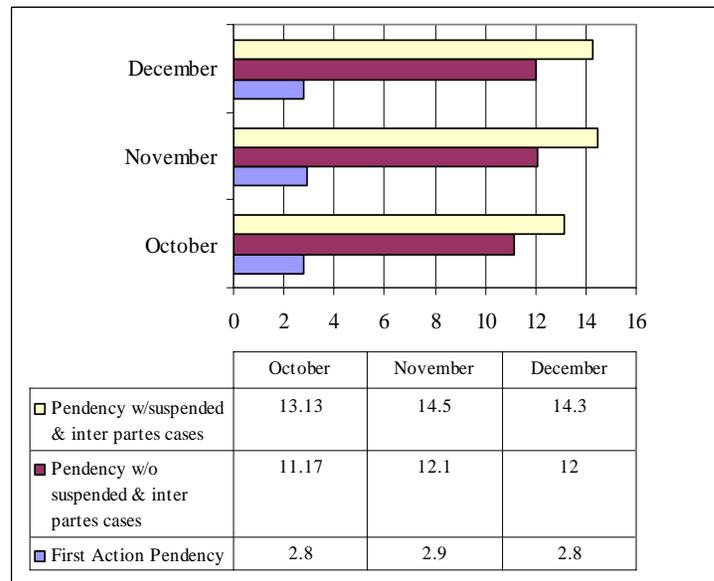
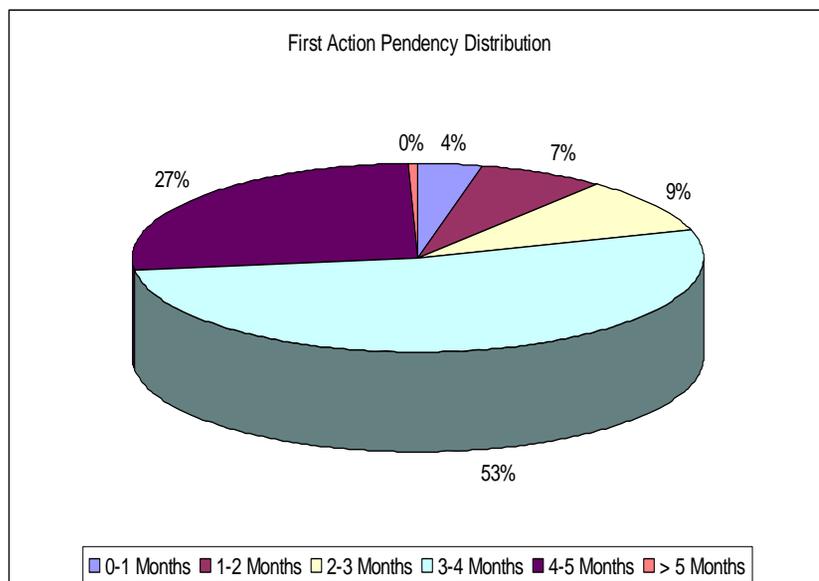


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Pendency

Trademark first action pendency is reported monthly from TRAM data as the average number of days from the date of filing or date of notification for international applications for all classes within applications that have an examiner’s first office action in that month. First action pendency at the end of the first quarter was 2.8 months overall with more than 76 percent less than 4 months. The target for the year is 2.5 to 3.5 months. Maintaining average first action pendency within a consistent range will provide greater assurance and predictability for applicants on the status of their filing. Our ability to consistently stay within the target range presents a number of new management challenges given the monthly variation in new application filings and distribution of the age of applications when a first action is taken.

Trademark disposal pendency is reported monthly from TRAM data as the average number of days from date of filing to notice of abandonment (unless a notice of allowance has been issued), notice of allowance, or registration for applications based on use in that month *excluding* and *including* cases that were previously suspended or were involved in inter partes proceedings at the Trademark Trial and Appeal Board. Disposal pendency was 12 months excluding suspended and inter partes cases, including suspended and inter partes cases disposal pendency was 14.3 months. The Office target for the fiscal year is 13.5 months excluding suspended and inter partes cases and 16 months including all cases. Disposal pendency for the quarter is reported as of the month of December.



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Efficiency

The efficiency measure is calculated by dividing total USPTO expenses associated with the examination and processing of patents and trademarks (including associated overhead and support expenses) by outputs (office disposals). The measure is a relative indicator of the efficiency of the patent and trademark processes, it does not represent the unit cost of a patent or trademark since office disposals are only one measure among many of products and services that the USPTO performs each year. The target is based on planned budget obligations and the USPTO appropriated funding level whereas the actual results are based on actual expenses, which include non-budget costs. The measure provides a consistent basis for aligning organizational costs in support of both patent and trademark operations. It is a key indicator for assessing changes in costs relative to performance results and can be used over time to determine if improvements in operating efficiencies are achieved.

Unit cost results were \$474 or 25 percent better than the target of \$632 for the fiscal year. Office disposals were 13.5 percent higher than average for the quarter contributing to improved results. Compared to the first quarter of FY 2008, actual costs were 1.5 percent less and office disposals were 9.4 percent less. Direct costs (TM Organization and TTAB) represented 47.5 percent of the fiscal year expenditures reported to date, consistent with the results reported for FY 2008.

USPTO Organization	FY 2009 Results			FY 2008 Results	
	Actual Expenses	Unit Rate	Qtr. 1	Qtr. 1	Qtr. 4
Trademark Organization	\$ 23,223,297	\$ 229	47.5%	44.5%	47.5%
TTAB	\$ 2,194,334	\$ 22	4.5%	4.1%	4.7%
OCIO	\$ 12,098,057	\$ 119	24.8%	29.6%	27.3%
Rent	\$ 2,685,693	\$ 26	5.5%	5.8%	5.3%
MGE	\$ 3,142,328	\$ 31	6.4%	6.4%	5.4%
CFO	\$ 1,431,630	\$ 14	2.9%	3.0%	2.8%
CAO	\$ 1,615,594	\$ 16	2.9%	3.2%	3.2%
Policy - Director/Pub Affairs/Ext Affairs/OGC	\$ 1,750,019	\$ 17	3.3%	3.4%	3.8%
Costs/Efficiency Measure	\$ 48,140,952	\$ 474		\$ 436	\$ 470
Office Disposals		101,570		112,148	430,343

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Telework

The USPTO Trademark telework program has been recognized as a success throughout the federal government. The Agency celebrated the 10th anniversary of this program in 2007. Eighty-six percent of eligible trademark examining attorneys now work from home nearly full time, and 85 percent of all eligible Trademark employees work from home at least once a week. Sixty-one percent of all Trademark employees worked from home at least part of their work week.

