

# Citizen Centric Report

October 1, 2018 – September 30, 2019

## Inside this report

- 2 How the USPTO has progressed
- 3 Finances and budget
- 4 Management challenges and what's ahead

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.

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.

### Did you know ...

96% of all Patent staff are patent examiners and 74% of all Trademark staff are trademark examining attorneys?

## Agency objectives

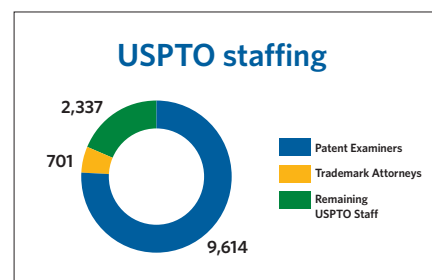
As an agency within the Department of Commerce (DOC), the United States Patent and Trademark Office (USPTO) is uniquely situated to support accomplishing the DOC's mission to create the conditions for economic growth and opportunity. The agency is led by the Under Secretary of Commerce for Intellectual 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 examines and issues patents and trademarks, and advises the President of the United States, through the Secretary of Commerce, 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.

The USPTO has two major components, the Patent organization and the Trademark organization, that are teamed with several other supporting units. Our 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.

## Information technology

In fiscal year (FY) 2019, the USPTO performed an assessment of its information technology (IT) systems, infrastructure, and processes and began stabilizing and modernizing IT. One of the first improvements was to move the critical Patent Application Location Monitoring (PALM) system from an aging server to new servers that are at least 10 times more reliable, 100 times faster, and consume less than half of the power consumed by the prior server. The USPTO also retired the 20-year-old legacy fee-payment system when it deployed the next generation fee processing system.



The USPTO's mission is derived from Article 1, Section 8 of the Constitution, "to promote the progress of science and useful arts."

## How the USPTO has progressed

PERFORMANCE HIGHLIGHTS	FY 2016	FY 2017	FY 2018	FY 2019
Average number of months from filing until initial determination of the patentability of an invention	16.2	16.3	15.8	14.7
Average number of months to obtain a patent	25.3	24.2	23.8	23.8
Percentage of office actions where examiners properly handled subject matter eligibility determinations	n/a	96.5%	96.8%	97.7%
Average number of months before trademark review is initiated	3.1	2.7	3.4	2.6
Average number of months to obtain a trademark	9.8	9.5	9.6	9.3
Percentage of first office actions consistent with the quality standards established by the Trademark organization	97.1%	97.3%	96.9%	96.4%
Percentage of final office actions consistent with the quality standards established by the Trademark organization	97.8%	98.3%	97.9%	97.4%

### 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.

The above subset of performance metrics is used to measure actions taken in line with the USPTO 2018 – 2022 Strategic Plan, which was designed to strengthen the capacity of the USPTO by focusing on a specific set of goals and the steps that will be taken to reach those goals, as follows:

- Optimize patent and trademark application pendency;
- Issue highly reliable patents;
- Issue high-quality trademarks;
- Foster business effectiveness;
- Enhance operations of both the Patent Trial and Appeal Board and the Trademark Trial and Appeal Board;
- Provide leadership and education on domestic and international IP policy and awareness;
- Enhance human capital management and foster employee engagement;

- Optimize speed, quality, and cost-effectiveness of IT delivery;
- Ensure financial stability for effective operations; and
- Enhance interactions with internal and external stakeholders and the public.

These steps also support the U.S. Department of Commerce's focus to accelerate American leadership, enhance job creation, strengthen U.S. economic and national security, fulfill constitutional requirements and support economic activity, and deliver customer-centric service excellence. Complete discussions of the above performance metrics can be found in the 2019 Performance and Accountability Report, located at [www.uspto.gov/annualreport](http://www.uspto.gov/annualreport) in the Performance Information section beginning on page 46.

### Did you know ...

that the USPTO issued 370,434 patents in FY 2019?

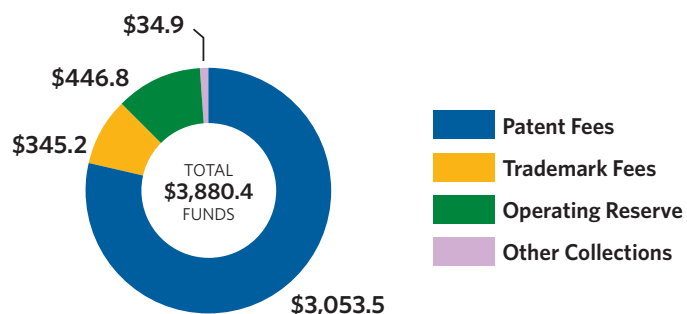
### Did you know ...

that the USPTO registered 297,774 trademarks in FY 2019?

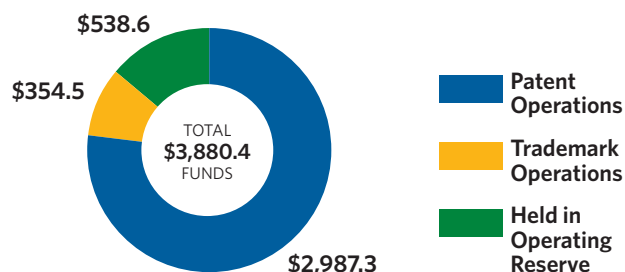
## Finances and budget

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

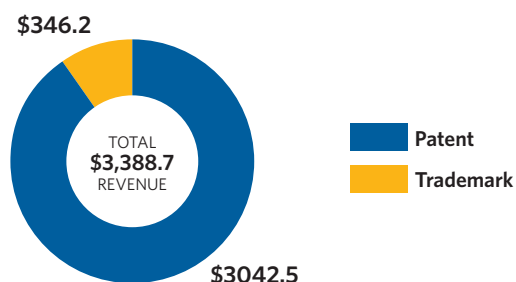
**FY 2019 sources of funds (in millions)**



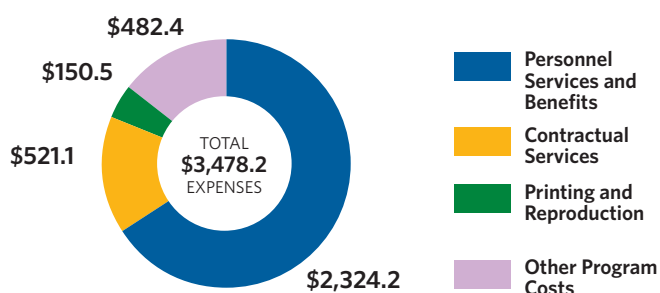
**FY 2019 uses of funds (in millions)**



**FY 2019 earned revenue (in millions)**



**FY 2019 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 our financial management information. Complete financial information can be found in the 2019 Performance and Accountability Report located at [www.uspto.gov/annualreport](http://www.uspto.gov/annualreport) in the Management's Discussion and Analysis section beginning on page 25.

The USPTO received an unmodified (clean) audit opinion from the independent public accounting firm of KPMG LLP on our FY 2019 financial statements. This is the 27th 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 2019, for which remediation efforts are already underway to address the underlying concerns.

The audit opinion can be found in the 2019 Performance and Accountability Report located at [www.uspto.gov/annualreport](http://www.uspto.gov/annualreport) in the Financial section beginning on page 141.

## Management challenges and what's ahead

Achieving success is not without its challenges. The USPTO is committed to overcoming our challenges in our implementation of strategic goals, objectives, and initiatives, as enumerated in the 2018 – 2022 Strategic Plan.

The USPTO continues to focus on:

1. Maintaining stable and sustainable funding and continuing to optimize the management of the USPTO's financial resources;
2. Enhancing IT capabilities, while maintaining stable and supported systems and infrastructure that meet ongoing business needs; and
3. Managing ongoing legal challenges stemming from the USPTO's implementation of the Leahy-Smith America Invents Act and other guidance.

## Additional information

Complete workload information can be found in the 2019 Performance and Accountability Report located at [www.uspto.gov/annualreport](http://www.uspto.gov/annualreport) in the Other Accompanying Information section beginning on page 165.

### Did you know ...

Of all 50 states, Wyoming was the state with the largest increase (42%) in registered trademarks in fiscal year 2019?

### Did you know ...

The USPTO assists patent and trademark applicants by providing pro bono services via 22 independently operated not-for-profit regional pro bono programs and 52 law school clinics?

### Did you know ...

The USPTO issued a report in 2019 that highlights the untapped potential of women to spur innovation in the United States?

### Did you know ...

Of all 50 states, Alaska was the state with the largest increase (53%) in patents issued in fiscal year 2019?



**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).**



### 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](http://www.uspto.gov)

### 2019 Performance and Accountability Report

[www.uspto.gov/annualreport](http://www.uspto.gov/annualreport)