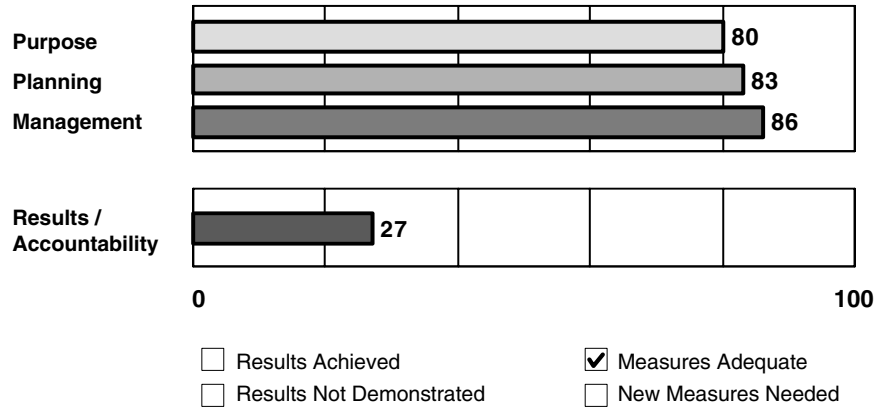


Program: U.S. Patent and Trademark Office - Patents

Agency: Department of Commerce

Bureau: U.S. Patent and Trademark Office



Key Performance Measures

Year Target Actual

Measure Description	Year	Target	Actual
Annual Measure: Average total pendency (Pendency is the estimated time in months for a complete review of a patent application, from the filing date to issue or abandonment of the application.)	2000	26.2 mo.	25.0 mo.
	2001	26.2 mo.	24.7 mo.
	2002	26.1 mo.	
	2003	27.7 mo.	
Annual Measure: Error rate (Based on a quality review, this is the percent of allowed patent applications containing at least one claim that would be held invalid in a court of law.)	2000	New	6.6%
	2001	5.5%	5.4%
	2002	5.0%	
	2003	4.5%	
Annual Measure: Average first-action pendency (First-action pendency is the estimated time in months from filing to an initial review of a patent application by a patent examiner.)	2000	14.2 mo.	13.6 mo.
	2001	13.9 mo.	14.4 mo.
	2002	16.0 mo.	
	2003	16.4 mo.	

Rating: Adequate

Program Type: Direct Federal

Program Summary:

The Patent and Trademark Office (PTO) issues patents and registers trademarks. Patents provide protection to inventors and businesses for their inventions.

PTO's patent operation did not meet all of its performance goals in 2001 and has increasing unit costs per patent disposed.

1. The time required for initial review (first-action pendency) and complete review (average total pendency) by patent examiners remains high. The performance goals for these activities also remain high. Further, the initial review target of 13.9 months was not met in 2001. The patent operation also did not meet its customer satisfaction performance goal in 2001.
2. Patent examiners spend a very small amount of time, on average, on each application compared to the average time for complete review and processing of patent applications. For example, in 2001 average total pendency was over two years, including time spent awaiting replies from applicants. However, patent examiners spent an average of only 18 cumulative hours per patent application disposed.
3. Planning for e-government initiatives to electronically process patent applications has been adequate, although progress on implementation has been slow.
4. The patent operation has adequate program management. PTO uses activity-based costing to allocate the costs of patent and supporting operations and it uses contractors for administrative activities that support examination of patents.
5. Performance measures are generally adequate, although patents should adopt a measure of unit cost.
6. PTO's new strategic plan contains major reforms that address a number of the problems identified in the analysis.

In response to these findings and the development of PTO's new Strategic Plan, the Budget proposes funding increases for pendency, quality, and e-government initiatives. Modifications of PTO's fees are proposed to better reflect patent applications' costs.

(For more information on this program, please see the Department of Commerce chapter in the Budget volume.)

Program Funding Level (in millions of dollars)

2002 Actual	2003 Estimate	2004 Estimate
985	1,190	1,260