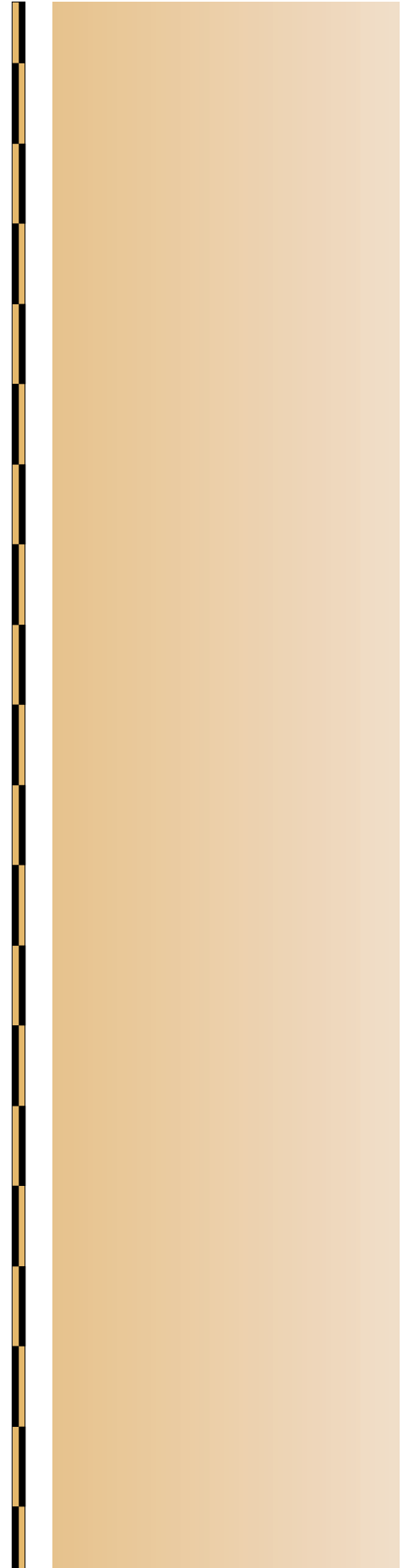
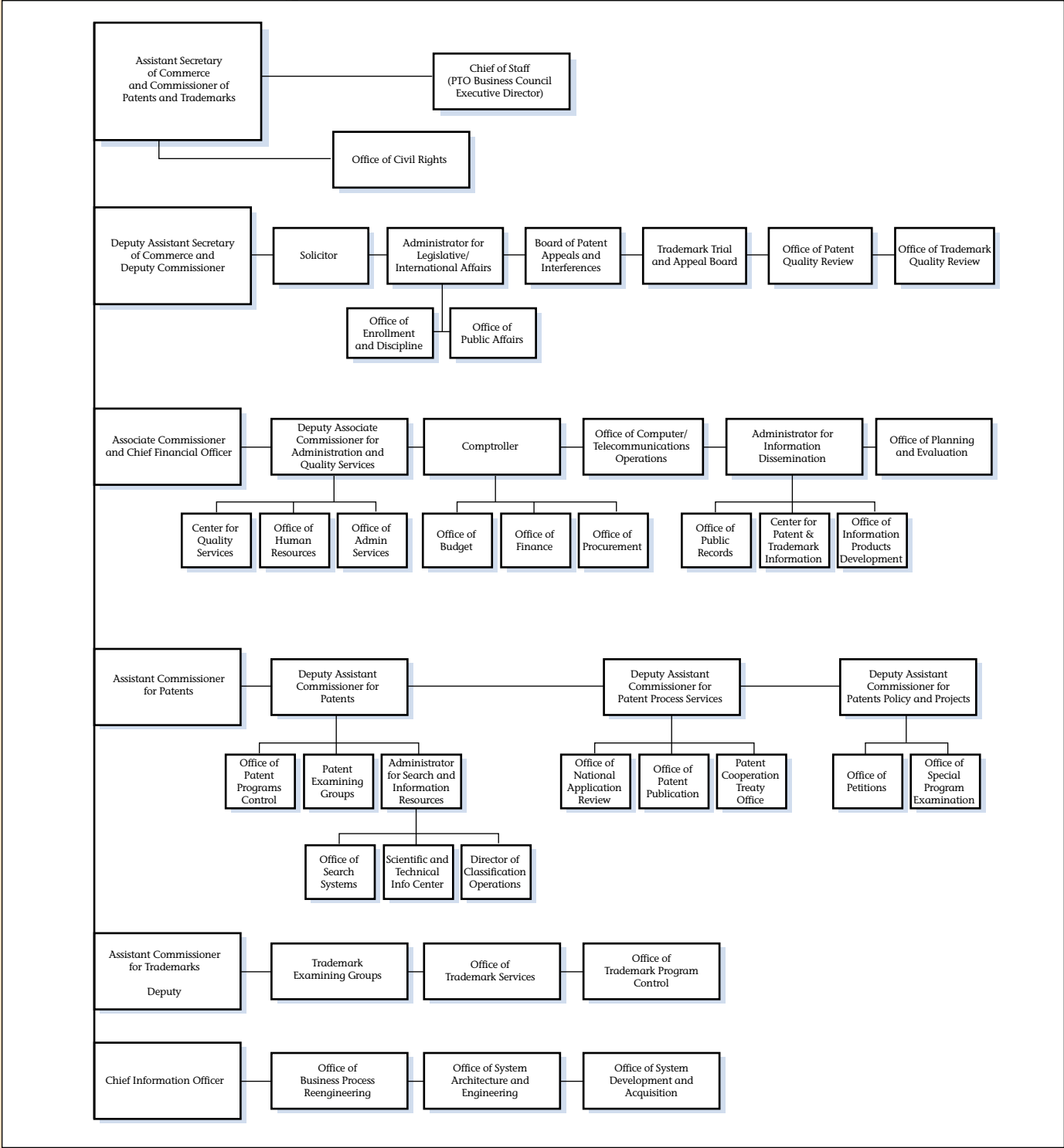


Additional Information

(Unaudited)



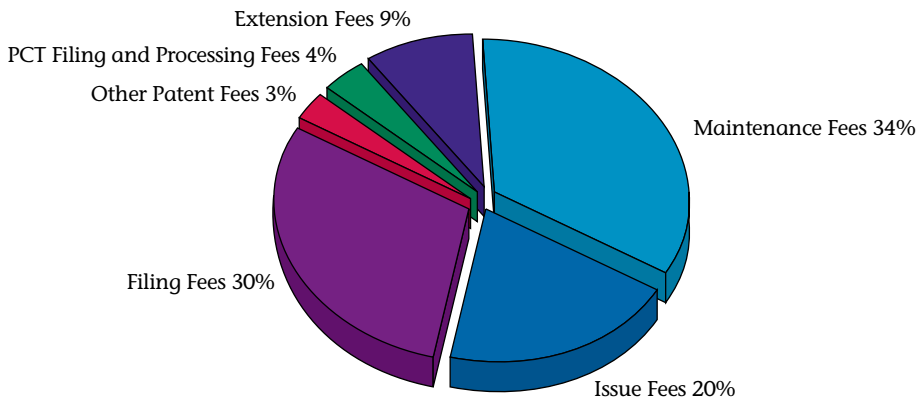
US DEPARTMENT OF COMMERCE PATENT AND TRADEMARK OFFICE ORGANIZATION CHART



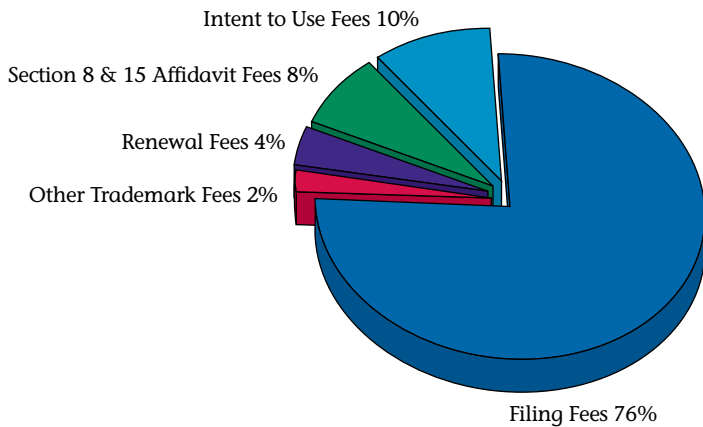
**US DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE
1995 Fee Collection by Category**

Patent Fee Collections	557,418,847	86.3%
Trademark Fee Collections	64,744,936	10.0%
Other Fee Collections*	24,022,832	3.7%
PTO Total Fee Collections	646,186,615	100%

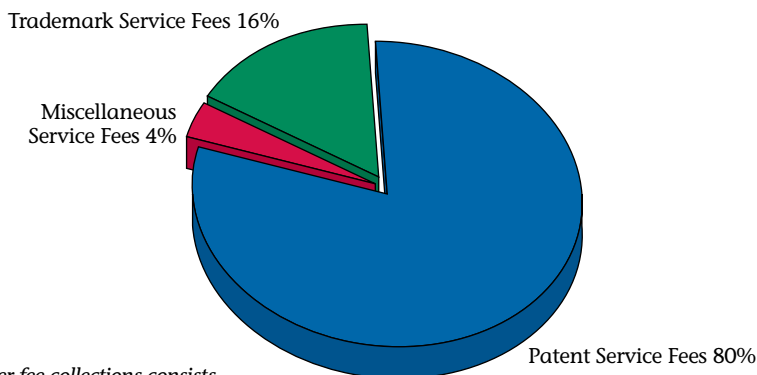
Patent Fee Collections



Trademark Fee Collections



Other Fee Collections*



* Other fee collections consists of information dissemination and service fees.

**DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE
Statement of Financial Position by Program - Unaudited**

As of September 30, 1995

ASSETS	PATENTS	TRADEMARKS	INFORMATION DISSEMINATION	TOTAL
Entity Assets:				
Intragovernmental Assets:				
Fund Balance With Treasury	\$326,188,136	\$42,942,951	(\$9,772,848)	\$359,358,239
Accounts Receivable	4,901,425	645,310	263,083	\$5,809,818
Advances and Prepayments	450,747	40,728	30,174	\$521,649
Governmental Assets:				
Accounts Receivable	453,736	10,646	8,221	\$472,603
Cash	36,815,084	3,983,950	795,775	\$41,594,809
Property and Equipment, Net	46,398,377	4,808,177	1,999,786	\$53,206,340
Total Entity Assets	\$415,207,505	\$52,431,762	(\$6,675,809)	\$460,963,458
Non-Entity Assets				
Intragovernmental Assets				
Fund Balance With Treasury	5,167,444	417,423	335,133	5,920,000
Total Non-Entity Assets	5,167,444	417,423	335,133	5,920,000
Total Assets	\$420,374,949	\$52,849,185	(\$6,340,676)	\$466,883,458
LIABILITIES				
Liabilities Covered by Budgetary Resources:				
Intragovernmental Liabilities:				
Accounts Payable	\$4,600,156	\$864,544	\$160,933	\$5,625,633
Other Liability Due to Treasury	5,167,444	417,423	335,133	5,920,000
Governmental Liabilities:				
Accounts Payable	30,056,460	1,997,768	932,864	32,987,092
Accrued Payroll & Benefits	17,212,965	2,165,616	657,989	20,036,570
Actuarial Liability	2,182,417	248,625	55,250	2,486,292
Customer Deposit Accounts	33,075,845	1,880,825	852,388	35,809,058
Deferred Revenue	148,708,192	21,249,480	3,431,234	173,388,906
Capital Leases	495,790	73,593	55,931	625,314
Accrued Annual Leave	13,641,197	1,507,644	631,417	15,780,258
Total Liabilities Covered by Budgetary Resources:	255,140,466	30,405,518	7,113,139	292,659,123
Total Liabilities	\$255,140,466	\$30,405,518	\$7,113,139	\$292,659,123
NET POSITION				
Balances:				
Invested Capital	\$6,126,003	\$22,136	\$9,206	\$6,157,345
Cumulative Results of Operations	100,003,481	22,421,531	(13,463,021)	108,961,991
Surcharge	59,104,999	0	0	59,104,999
Total Net Position	165,234,483	22,443,667	(13,453,815)	174,224,335
Total Liabilities and Net Position	\$420,374,949	\$52,849,185	(\$6,340,676)	\$466,883,458

**DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE
Statement of Operations and Changes In Net Position
by Program - Unaudited**

For the year ended September 30, 1995

REVENUES AND FINANCING SOURCES	PATENTS	TRADEMARKS	INFORMATION DISSEMINATION	TOTAL
Revenues from Sales of Goods and Services				
To the Public	\$530,872,961	\$59,221,497	\$12,627,389	\$602,721,847
Intragovernmental	281,509	76	30	\$281,615
Appropriated Capital Used	2,110,880	42,130	17,522	\$2,170,532
Total Revenues and Financing Sources	\$533,265,350	\$59,263,703	\$12,644,941	605,173,994
EXPENSES				
Program or Operating Expenses	432,025,658	48,177,252	22,102,482	502,305,392
Depreciation and Amortization	20,383,102	1,308,262	914,634	22,605,998
Change in Actuarial Liability	113,487	12,635	3,281	129,403
Total Expenses	452,522,247	49,498,149	23,020,397	525,040,793
Excess of Revenues and Financing Sources Over Total Expenses	80,743,103	9,765,554	(10,375,456)	\$80,133,201
Net Position, Beginning Balance	91,773,455	13,135,120	(2,726,909)	102,181,666
Excess of Revenues and Financing Sources Over Total Expenses	80,743,103	9,765,554	(10,375,456)	80,133,201
Decrease in Invested Capital	(2,114,631)	(39,584)	(16,317)	(2,170,532)
Decrease due to Permanent Cancellation/Rescission	(5,167,444)	(417,423)	(335,133)	(5,920,000)
Net Position, Ending Balance	\$165,234,483	\$22,443,667	(\$13,453,815)	\$174,224,335

The Information Dissemination Organizations (IDO) perform activities which support the PTO mission by providing the public with access to patent and trademark information. While IDO provides most of its products and services to the public at prices which recover the costs of dissemination, there are several major IDO activities which do not or cannot recover costs. The IDO organizations, for example, operate the Patent Search Room, the Patent Assignment Search Room, and the Trademark Search Library. By law, the IDO cannot charge fees to the public for the use of these facilities (except for automated tools and services). Instead, costs for these facilities, and similar services provided free of charge to the public, are recovered by patent and trademark fees. The PTO is not recommending any change in any of these current procedures. However, in the future, transfers of revenues from patents and trademarks to information dissemination will be displayed.

Program/Operating Expenses by Program - Unaudited

For the Year Ended September 30, 1995:

	Patents	Trademarks	Information Dissemination	Total
Operating Expenses by Object Classification				
Personal Services				
and Benefits	\$237,723,477	\$28,957,729	\$9,274,180	\$275,955,386
Travel and Transportation	437,249	56,355	96,009	589,613
Rental, Communication				
and Utilities	27,576,265	3,024,018	2,789,667	33,389,950
Printing and Reproduction	27,361,475	1,700,257	275,646	29,337,378
Contractual Services	48,693,642	3,173,747	2,038,811	53,906,200
Supplies and Materials	5,946,075	483,577	1,304,441	7,734,093
Equipment not Capitalized	3,569,113	246,101	442,623	4,257,837
Other:				
(a) Other services	1,575,605	291,219	(134,794)	1,732,030
(b) Training	3,187,647	271,703	137,484	3,596,834
(c) Maintenance and Repair	9,862,313	582,652	1,505,749	11,950,714
Support Costs	66,092,797	9,389,894	4,372,666	79,855,357
Total Expenses				
By Object Class	\$432,025,658	\$48,177,252	\$22,102,482	\$502,305,392

Line Item Totals do not agree with Note 7 Line Item Totals in the Principal Statements. Support costs are shown separately above due to the cost allocation methods used.

1996 Government Performance and Results Act Plan

PTO MAJOR PROGRAM PERFORMANCE GOALS:

- Decrease patent pendency and maintain financial self-sufficiency.
- Decrease trademark pendency and maintain financial self-sufficiency.
- Engage in business-like partnerships with Patent and Trademark Depository Libraries (PTDLs) tailored to the industry base of that regional industrial area, and increase the number of PTDLs throughout the nation.
- Conduct customer focus group sessions and surveys of individual users, internal customers, law and intellectual property associations, and other stakeholders.

1-Patent Program Performance Goal:

Decrease patent pendency and maintain financial self-sufficiency.

Processes:

- Enhance human resources.
- Leverage information technologies.
- Employ better processes.

Verification and Validation:

- Patent program managers will use automated systems for tracking and monitoring all patent applications.
- PTO managers will monitor performance through the use of monthly Executive Information System (EIS) reports and analysis.

Performance Indicators:

	1989 Baseline	1994 Actual	1995 Target	1995 Actual	1996 ¹ Target
Financial self-sufficiency (percent)	70.26	100.0	100.0	100.0	100.0
Months to issue or abandonment	18.4	19.0	18.9	19.2	19.0
Months from filing to first action notice	7.3	7.7	7.0	8.4	8.1

¹1996 targets published in June 1995, based on FY 1996 budget submission.

Impediments:

- Applications (or inputs) are subject to economic and political changes in the U.S. and abroad.
- Application examination times are subject to technical complexity of applications, examiner experience, response time of applicants to office actions, and number of patent examiners available for examining.

2-Trademark Program Performance Goal:

Decrease trademark pendency and maintain financial self-sufficiency.

Processes:

- Enhance human resources.
- Leverage information technologies.
- Employ better processes.

Verification and Validation:

- Trademark program managers will use automated systems for tracking and monitoring all trademark applications.
- PTO managers will monitor performance through the use of monthly Executive Information System (EIS) reports and analysis.

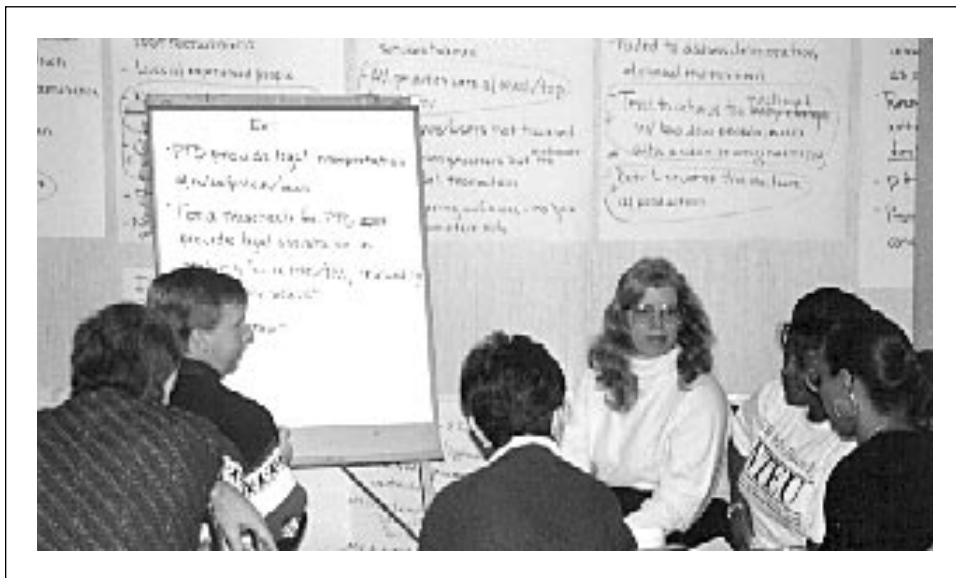
Performance Indicators:

	1989 Baseline	1994 Actual	1995 Target	1995 Actual	1996 ¹ Target
Financial self-sufficiency (percent)	100.0	100.0	100.0	100.0	100.0
Months to register trademark	13.8	16.3	15.5	16.7	13.9
Months to first action notice	2.8	5.2	3.9	5.3	3.0

¹ 1996 targets published in June 1995, based on FY 1996 budget submission.

Impediments:

- Applications (or inputs) are subject to economic and political changes in the U.S. and abroad.
- Application examination times are subject to technical complexity of applications, examiner experience, response time of applicants to office actions, and number of trademark examiners available for examining.



3-Information Dissemination Performance Goal

Engage in business-like partnerships with Patent and Trademark Depository Libraries (PTDLs) tailored to the industry base of that regional industrial area, and increase the number of PTDLs throughout the nation.

Processes:

- Internal PTO approval of partnership agreements.
- External acceptance of two partnership proposals.
- Partnership agreement with the city of Sunnyvale, CA and Detroit, MI.
- Development of partnership performance measurements.

Verification and Validation:

- PTO Business Council will review periodically.
- Review partnership agreements for compliance.

Performance Indicators:

	1994 Actual	1995 Target	1995 Actual	1996 ¹ Target
PTDLs	78	83	81	85
States in which PTDLs are established	49	50	49	50
Business Partnerships	0	2	2	4

¹1996 targets published in June 1995, based on FY 1996 budget submission.

4-Customer Service Program Performance Goal

To conduct customer focus group sessions and surveys of individual users, internal customers, law and intellectual property associations, and other stakeholders.

Processes:

- Identify customers
- Random sampling
- Conduct customer focus sessions (CFS)
- Develop customer service standards based on CFS
- Disseminate standards to process owners, Partnership Auxiliary Committees (PACs) and Joint Partnership Council (JPC)
- Publish customer service standards to customers
- Develop and conduct surveys to validate standards

Conduct more CFS

- Disseminate data from surveys/CFS to process owners, PACs, and JPC for review and development
- Management makes budget decisions to meet customer need
- Incorporate into budget request

Verification and Validation:

- Analysis of customer service survey and focus group results by the PTO Business Council, PTO Union Partnership Council, and program managers.
- Center for Quality Services will assess customer satisfaction levels on a continual basis.

Performance Indicators:

	1995 Target PTO	1995 Actual PTO	1995 Target Patents	1995 Actual Patents	1995 Target TMs	1995 Actual TMs	1995 Target Info. Diss.	1995 Actual Info. Diss.	1996 Target Patents	1996 Target TMs	1996 Target Info. Diss.
Customer satisfaction											
external surveys conducted	10	3	5	2	4	1	1	0	5	5	2
External focus group											
sessions conducted	30	26	16	9	9	10	5	7	10	10	2
Customers surveyed satisfied											
with PTO's overall											
performance (percent)	100	57.2	*N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
¹ Level of customers satisfied											
with PTO's established											
pendency level	N/A	N/A	5	3.2	5	2.9	N/A	N/A	5	5	N/A

¹ Based on scale of 1 to 5 (Issuance of product in a timely manner). No target for information dissemination currently exists.

*NA – targets not established

Litigation

During FY 1995, the number of *ex parte* appeals taken from decisions of the Board of Patent Appeals and Interferences and the Trademark Trial and Appeal Board, and the number of civil actions filed against the Commissioner of Patents and Trademarks, totaled 89. There were 24 *inter partes* cases taken to the Federal Circuit in FY 1995. Although there were several significant court decisions, most of the opinions entered by the Court of Appeals for the Federal Circuit and the district courts were non-precedential. This section highlights some of the significant rulings of fiscal year 1995.

BIOTECHNOLOGY

In *In re Deuel*, 51 F.3d 1552, 34 USPQ2d 1210 (Fed. Cir. 1995), the Federal Circuit reversed the Board of Patent Appeals and Interferences ("Board") and held that a *prima facie* case of obviousness for claims to cDNA sequences that encode a particular protein requires that the prior art suggest the claimed sequences. The primary reference relied on in *Deuel* disclosed the existence of the encoded protein, as well as a partial amino acid sequence for the protein, and the secondary reference disclosed a general method of isolating cDNAs by screening cDNA libraries with a gene probe. The court reversed the rejection of the claims because, in view of the redundancy of the genetic code, the specific cDNA sequences claimed could not be contemplated based solely on the references.

UTILITY

In *In re Brana*, 51 F.3d 1560, 34 USPQ2d 1436 (Fed. Cir. 1995), the Federal Circuit reversed the Board and held that there is a very low threshold for establishing utility. The claimed invention was an antitumor compound. The court concluded that use as an antitumor compound was sufficiently specific and credible for utility purposes in view of its similarity to an effective prior antitumor compound. The court dismissed the Commissioner's argument that comparison to the prior art compound was insufficient because the compound had only been tested against models developed in a laboratory. The court reasoned that the models were originally developed from diseases in mice and that testing using models was the only practical way to test the compound. The court next held that the Commissioner had not met his burden of providing evidence showing that one of ordinary skill in the art would reasonably doubt the assertion of utility in the specification. Lastly, the court rejected the Commissioner's argument that animal testing was not reasonably predictive of use in treating humans because, as a matter of law, adequate animal testing can be sufficient to establish utility.

COMPUTER-IMPLEMENTED INVENTIONS

In *In re Trovato*, 60 F.3d 807, 35 USPQ2d 1570 (Fed. Cir. 1995), the claims had been rejected as non-statutory under § 101. The claims were directed to a method of determining the motion of an object and to an apparatus for planning the path for an object. Both the Board and a three-judge panel of the Federal Circuit affirmed the § 101 rejections. The Federal Circuit, sitting in banc, then vacated the decisions of the three-judge panel and the Board, and remanded the case for further prosecution in light of *In re Alappat*, 33 F.3d 1526, 31 USPQ2d 1545 (Fed. Cir. 1994) (*in banc*), and any new guidelines for examination of computer-implemented inventions adopted by the Patent and Trademark Office.

OBVIOUSNESS

In *In re Soni*, 54 F.3d 746, 34 USPQ2d 1684 (Fed. Cir. 1995) (reversing the Board), the central issue was the showing necessary to establish unexpected results and thereby rebut a *prima facie* case of obviousness under § 103. The applicant's specification stated that the claimed compositions had significantly improved properties, compared to compositions having a lower molecular weight. The specification also included data illustrating such a comparison and concluded that the data showed a much greater improvement than would have been predicted. The Federal Circuit reversed the Board and held that the applicant had established unexpected results. According to the court, if an applicant demonstrates substantially improved results and states that the results were unexpected, unexpected results have been established unless there is evidence to the contrary. In a vigorous dissent, Judge Michel characterized the majority decision as eliminating the well-settled requirement of objective proof that the observed improvement was unexpected.

CONTINUATION PRACTICE

In *In re Chu*, 66 F.3d 292, 36 USPQ2d 1089 (Fed. Cir. 1995), the Federal Circuit reversed the Board's determination that the claimed invention was obvious. The court clarified the degree of common inventorship between a continuation application and its parent application needed to claim the benefit of the parent's filing date under § 120. The application at issue was a continuation-in-part of an application that had resulted in one of the two patents relied on as prior art to reject the claims as obvious under § 103. The Board found that this patent was available as prior art against the application at issue, notwithstanding the applicants' reliance on § 120, because the inventive entities for the application and the patent were different, although overlapping. The Federal Circuit held that complete identity of inventorship is not necessary for a continuation-in-part application to obtain the benefit of the filing date of its parent application, but that the patent was prior art against the claims at issue because the disclosure in the earlier application did not support those claims. The court then went on to reverse the Board's conclusion as to the obviousness of the claimed invention because the difference between the prior art and the claimed invention were, in the opinion of the court, more than a mere design choice.

TRADEMARKS

The United States filed an amicus curiae brief in *Qualitex Co. v. Jacobson Prods.*, 115 S. Ct. 1300, 34 USPQ2d 1161 (1995). The Supreme Court, agreeing with the United States' position, held in *Qualitex* that color per se can meet the legal requirements for a trademark registration. This decision ended a split of authority as to whether color per se can ever be registered as a trademark under the Lanham Act. The Patent and Trademark Office assisted the Solicitor General's office in drafting the *amicus* brief.