

Executive Summary

The key assets in high-technology industries are often not factories or machines but intangibles such as scientific ideas or the algorithms contained in computer programs. These assets, unlike physical assets, can be used by any number of people at once. Without intellectual property protection, firms and individuals would have insufficient incentive to produce these assets, because they are costly to produce but cheap to copy or imitate. In recognition of this problem, the U.S. Constitution empowers the Congress to “promote the Progress of Science and useful Arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.” Intellectual property laws do just that.¹

Corporate Plan-2001 is an integrated performance plan and budget request. This executive summary links our mission and strategic goals to the Department’s mission and strategic themes. It then lays out our High Impact Agency commitments. Next, it shows the integration of the Department’s strategic themes, our strategic goals, our performance goals and our specific commitments to meet those goals. Specific goal and performance measure information, along with required resources, is documented in the subsequent sections of this plan.

PTO in the Department of Commerce

The PTO’s mission is to promote industrial and technological progress in the United States and to strengthen the national economy by administering the laws relating to patents and trademarks, and advising the Administration on patent, trademark, and copyright protection, and trade-related aspects of intellectual property. This mission is carried out through two strategic goals:

- Play a leadership role in intellectual property rights policy, including trade-related intellectual property issues for which we have responsibility.
- Provide our customers with the highest level of quality and service in all aspects of PTO operations.

This mission and strategic goals, along with the PTO’s four performance goals on which this Corporate Plan is based, directly support the Department’s mission (depicted in Figure 1) as follows:

The Department of Commerce promotes job creation, economic growth, sustainable development and improved living standards for all Americans, by working in partnership with business, universities, communities and workers:

To build for the future and promote U.S. competitiveness in the global marketplace, by strengthening and safeguarding the Nation’s economic infrastructure;

¹ Economic Report of the President, transmitted to the Congress February 1998: page 209.

Intellectual property protection is a key component in the success of the American economy and it enables us to operate more effectively in the global economy. By protecting intellectual endeavors, the PTO seeks to foster our Nation's technological edge, which is a key to our current and future competitiveness. Innovation is a national resource that contributes to our economic base and provides a catalyst for economic prosperity through the accumulation of scientific knowledge and the introduction of new products and services. By ensuring adequate protection for innovations through patents, trademarks and copyrights, the United States encourages businesses to risk investment for research, development, and marketing. Consumers benefit from the availability of new/improved products, jobs and wealth.

To keep America competitive with cutting-edge science and technology and a world-class information base;

The knowledge disclosed through a patent grant contributes to the advance of science and technology, on which our Nation's economy is built. Disclosure of the information contained in a patent grant provides the public with information about the most recent state of technological development. In addition, a patent offers the necessary information and stimulation for continuing development, and directs those interested in the exploitation of an invention to the relevant source of technology. The trademark system helps promote order and certainty in the Nation's economic infrastructure. The introduction of new products and services is made easier and less risky by the availability of information concerning trademarks in use by others. Using this information, a mark can be selected which will distinguish new products and services from others and thereby avoid confusion in the minds of customers.

To provide effective management and stewardship of our Nation's resources and assets to ensure sustainable economic opportunity.

PTO is cognizant of its responsibility for providing effective management and stewardship of the Nation's intellectual property resources by administering the laws related to patents and trademarks, and providing customers with the highest level of quality and services. In doing this, PTO emphasizes timeliness in processing applications and the quality of issued patents and registered trademarks. These high levels of quality and service can be provided only through enhancing our human resources, leveraging information technology, employing better processes and effectively managing resources.

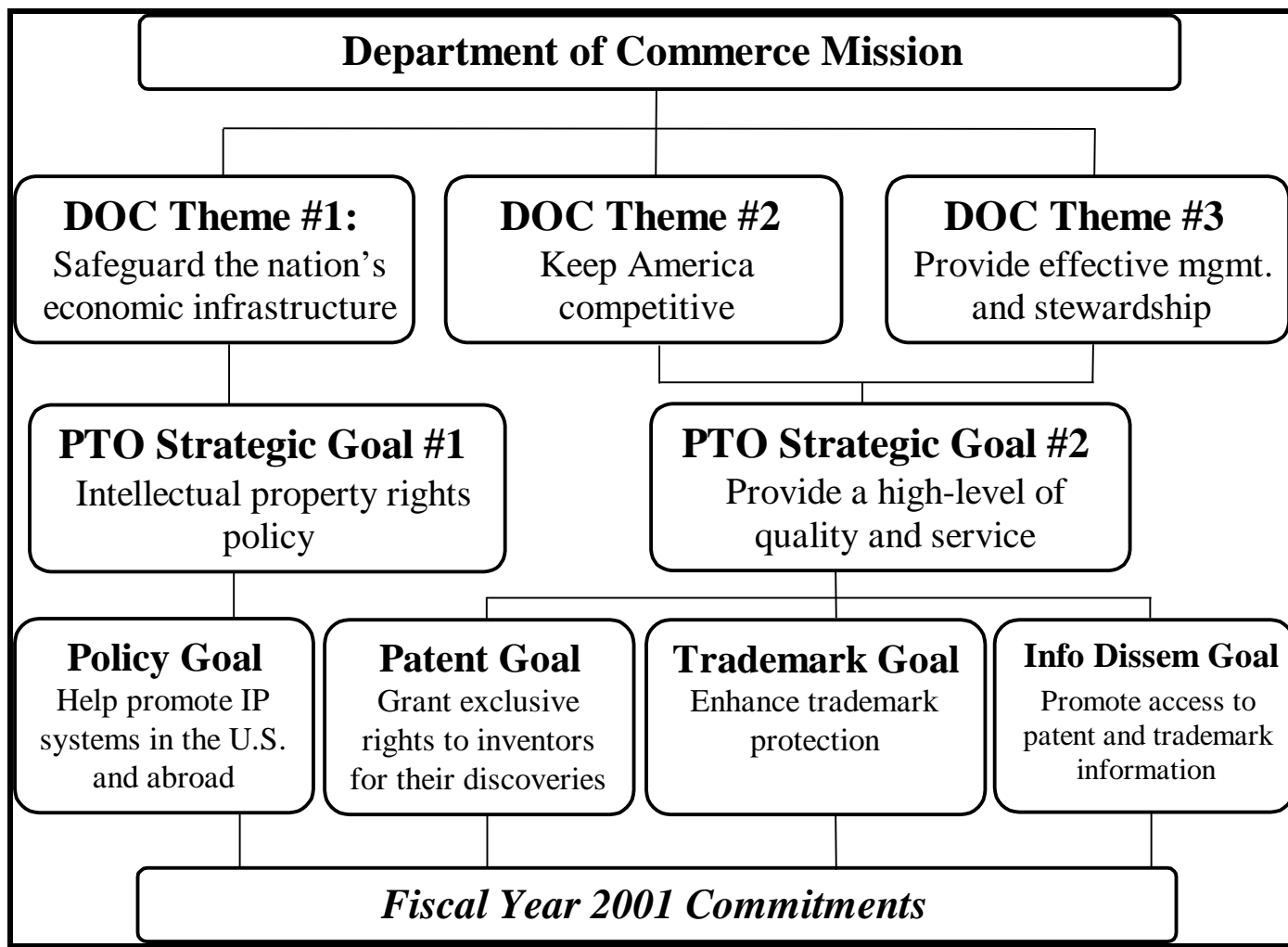


Figure 1

High-Impact Agency Commitments

As one of Vice President Gore's High Impact Agencies, we crafted a series of commitments that are enhancing customer satisfaction with the PTO because we are emphasizing our core business strengths of providing high quality and timely products and services to our customers. We also fully support the transition to electronic commerce.

In the past, we have focused primarily on the timeliness of the patent and trademark processing pipelines. However, like any other business that wants to be competitive in the 21st century market place, we recognize the importance of quality and customer satisfaction. Therefore, we have broadened our focus from one of timeliness as the principle path for achieving customer satisfaction to a multi-path effort incorporating timeliness, quality, and cost.

We have initiated a highly visible quality management system at the PTO that is guiding PTO towards performance excellence. A Quality Management function, reporting directly to the Commissioner of Patents and Trademarks, is working with a Quality Council comprised of representatives from all areas of the PTO. Together, they are identifying opportunities for improvement throughout the PTO that will lead to performance excellence, as measured by periodic assessments. These assessments provide an opportunity for PTO to step back and determine how well the entire organization is performing in such areas as leadership, strategic planning, customer and market focus, information and analysis, human resource focus, and process management. The assessments take into consideration the approaches PTO has established for guiding the organization towards performance excellence; the breadth and depth of deployment of these approaches across the organization; and the results attained. These assessments serve to integrate and prioritize the quality activities occurring across the organization and provide a common language in the quest for performance excellence.

In the business areas, our quality efforts focus on our customers, employees and processes, with an emphasis on coordination, communication and commitment. Our formal quality programs trace back to the early 1960s. Since that time, we have focused on the quality of the patent grant and trademark registration through the respective Quality Review Programs. We focused on employees' skills through the establishment of training programs, such as the Patent Academy and the Examiner Education Program.

In the 1990s, we supported reengineering with its emphasis on customer service and satisfaction. For the first time, our measurement systems took customers into account. Customer feedback was actively sought to measure satisfaction and to improve processes. The Center for Quality Services was established. Quality also was emphasized at all levels of the organization, through such initiatives as the introduction of Quality Assurance Specialists in Patent Technology Centers and Root Cause Problem Solving in Trademarks.

At the present time, the PTO is using performance excellence criteria to help deliver ever-improving value to customers while maximizing overall effectiveness and productivity. More details are included in the Policy section of this corporate plan. Specific customer-focused strategies and projects are discussed in each of the business area sections of this document.

Our High Impact Agency Commitments will generate enhanced customer satisfaction with the PTO. These commitments are as follows:

- Process all inventions in 12 months (to be achieved in 2003).*
- Render a trademark first action in three months (to be achieved in 2000 and maintained in 2001).*
- Offer electronic filing to our customers (under way in Trademarks, to be piloted in Patents in 2000).
- Electronically process patent applications (in 2003) and trademark applications.
- Partner with the World Intellectual Property Organization to achieve electronic filing of PCT applications and to electronically receive and process PCT applications at the PTO (in 2000).
- Enable customers to use the Internet to conduct business electronically (ongoing).
- Continually assess the PTO fee structure to ensure it encourages participation in the patent and trademark systems and reflects costs (ongoing).
- Offer PTO employees innovative training programs and work-at-home opportunities (ongoing).

These High Impact Agency Commitments are the outgrowth of the performance goals of our three businesses and Policy function. As depicted in the following graphic, each of these performance goals is linked directly to one of the strategic themes of the Department's mission. Corporate Plan-2001 is centered on achieving customer satisfaction by focusing on our High Impact Agency Commitments.

* Patent cycle time and trademark pendency performance targets are not expected to be met due to unprecedented workload growth and restricted use of fee income.

Department Theme	PTO Strategic Goal	Business	Performance Goal	High Impact Agency Commitments
Build for the future and promote U.S. competitiveness in the global marketplace, by strengthening and safeguarding the Nation's economic infrastructure.	Play a leadership role in intellectual property rights policy, including trade-related intellectual property issues for which we have responsibility.	Policy Function	Help protect, promote and expand intellectual property rights systems throughout the United States and abroad.	Partner with WIPO to achieve electronic filing of Patent Cooperation Treaty applications.
Provide effective management and stewardship of our nation's resources and assets to ensure sustainable economic opportunities.	Provide our customers with the highest level of quality and service in all aspects of PTO operations.	Patents	Grant exclusive rights, for limited times, to inventors for their discoveries.	Process all inventions in 12 months. Offer electronic filing to our customers. Electronically process patent applications. Partner with WIPO to achieve electronic filing of PCT applications, and electronically receive and process PCT applications at the PTO.
Provide effective management and stewardship of our nation's resources and assets to ensure sustainable economic opportunities.	Provide our customers with the highest level of quality and service in all aspects of PTO operations.	Trademarks	Enhance trademark protection.	Render trademark first action in three months. Offer electronic filing to our customers. Electronically process trademark applications.
Keep America competitive with cutting-edge science and technology and an unrivaled information base.	Provide our customers with the highest level of quality and service in all aspects of PTO operations.	Information Dissemination	Promote awareness of and provide effective access to patent and trademark information	Enable customers to use the Internet to conduct business electronically.

The remaining two commitments, relating to our fee schedule and workforce transition, are crosscutting management initiatives. Details on accomplishments to date in meeting these commitments, plans for fiscal year 2001 and beyond, and other performance information are described in detail in the subsequent sections of this Corporate Plan.

Economic Review and Outlook

The U.S. economy is closing in on ten consecutive years of expansion. In February 2000 this expansion will become the longest in recorded U.S. history, exceeding the 106 consecutive months of expansion experienced between February 1961 and December 1969. The current consensus forecast of private sector economists foresees a 3.0 percent rate of real GDP growth through fiscal year 2001, however it should be noted that in recent years the consensus forecast has consistently underestimated the strength of the economy. Even so, while a 3.0 percent growth rate is below the 4.3 percent rate experienced in fiscal year 1999, it still represents very strong growth by any historic measure. The unemployment rate should rise only slightly, if at all, and remain near 4.5 percent through fiscal year 2001, while inflation is expected to continue at a low and stable rate. With growth continuing through fiscal year 2001, we expect the demand for PTO products and services to continue to expand as well.

In a recent statement, President Clinton recognized the importance of the intellectual property protection system to economic growth. He cited the benefit of strengthening intellectual property incentives “to create the inventions and innovations that will drive the 21st century economy.”² In addition, in speeches and Congressional testimony, Federal Reserve Chairman Alan Greenspan continues to note compelling evidence that technology has driven the recent acceleration in U.S. productivity. In Chairman Greenspan’s vision of technology-driven economic growth, the PTO is affected in two significant ways. First, economic growth greatly influences the level of demand for patent and trademark services; second, PTO is a prime facilitator of the technological innovation that causes the economic growth in the first place. Put slightly differently, technology-driven growth has a double-edged effect on the PTO. It appears that the more adept PTO has become at enabling innovation, the greater the resultant economic growth, and the greater the unanticipated demand for intellectual property protection. Unanticipated demand means we must become even more adept in our processes, and the cycle continues.

A continuing PTO challenge is our ability to hire and retain the employees with specialized skills who make it possible for PTO to keep pace with the economy. National Science Foundation survey results show that the unemployment rate for individuals holding science and engineering doctorates was 1.2 percent in 1997, when the unemployment rate for the economy overall was 5 percent. Today with unemployment rates even lower overall, the market for scientists and engineers is tighter still, and should remain so at least into fiscal year 2001, as unemployment as a whole is expected to remain near its current historic low point. This view of the science and engineering market is bolstered by the Bureau of Labor Statistics which projects that the economy will supply science and engineering employment opportunities between now and 2006 at a rate more than three times that for all occupations combined. Taken together, this information implies continuing recruitment difficulties for PTO through fiscal year 2001 and beyond.

Certain occurrences could require us to revise our forecasts. For example, demand from foreign customers could expand if the global financial and economic environment continues its recovery of the past year. On the negative side, several factors have the potential to destabilize prices: commodities prices might well begin to rise after several years of general decline; the dollar could decline against key currencies and push up

² *Remarks by the President on Economic Growth.* The White House, Office of the Press Secretary. December 3, 1999.

import prices; and interest rates might cause borrowing costs to rise. A confluence of such factors could potentially slow both overall economic growth and intellectual property protection demand below expectations. Overall, however, continued prosperity and economic stability in the United States should continue to set the tone for both our domestic and foreign customers. Whatever the future course of events, the PTO is committed to supporting economic growth by efficiently and effectively supplying the intellectual property rights necessary to promote innovation and productivity growth.

Evaluations

In 1994, we began holding focus sessions with customers to determine their needs and expectations. These sessions resulted in the development of customer service standards relating to timeliness, accuracy, and responsiveness of the PTO in delivering its products and services. In 1995, we began surveying customers to establish baselines and, subsequently, to measure progress towards customer satisfaction with the three business units in general and with specific goals and objectives. These customer-driven evaluations have guided the PTO's strategic and corporate planning (i.e., annual performance planning) processes. We have continued to measure overall customer satisfaction for the three business units. Patent, trademark, and information dissemination customers were surveyed in the summer of 1999, and the results will be distributed to our customers through our annual Customer Satisfaction Report. The latest customer satisfaction measures are included in the performance goals and targets at the end of the Patent, Trademark, and Information Dissemination sections.

The National Academy of Public Administration (NAPA) approached the PTO to conduct an outreach program with PTO stakeholders and customers for the purpose of defining and measuring end-outcomes of the US patent and trademark systems. NAPA set up and facilitated two sets of sessions with patent and trademark stakeholders and customers, respectively, in October 1998 and in January 1999. Invited to the sessions were independent inventors, patent and trademark practitioners, industry representatives, academicians, economists, PTO senior executives, and experts in performance measurement.

The sessions focused on three key questions:

- What is the purpose of the PTO in today's world as perceived by the PTO's stakeholders?
- What is the value to the US stakeholder of patents issued, trademarks registered, and the US patent and trademark systems?
- How can the value of US patents and trademarks be measured?

Concurrently with the stakeholder sessions, NAPA conducted an academic study of the value of the patent and trademark systems, and, more specifically, the value of a patent grant and trademark registration. NAPA assembled a group of graduate students from a public administration graduate school to conduct an in-depth literature review on these topics.

NAPA compiled the results of these sessions and presented their findings and recommendations to the PTO. A formal written report documenting the input, findings and recommendations will be distributed to all of the participants at the stakeholder session. PTO also will share this information with the Administration and the Congress including any follow-on plans.

We also are committed to incorporating employee input into our strategic and corporate planning processes. Employee satisfaction levels are one of the key components of a balanced family of performance measures developed by the PTO. In 1995, we conducted the first PTO-wide employee satisfaction survey. The data from this survey was used to report employee satisfaction levels. In 1998, we conducted a second PTO-wide employee satisfaction survey using a new instrument, the Office of Personnel Management's Organizational Assessment Survey. This survey instrument consisted of over 150 items with 17 dimensions. The overall response rate was 55 percent or 3,148. While survey questions and response scales were vastly different from the original instruments, this instrument was chosen in an effort to allow comparisons with other Government organizations and with private sector members of the Mayflower Group.

PTO chose to use one question as the employee satisfaction indicator for reporting purposes: "Considering everything, how satisfied are you with your job?" Using this question, 48 percent of the respondents are satisfied employees. The results were positive in some key areas, such as diversity, supervision, customer orientation and rewards and recognition.

Two areas of challenge were the issues of quality versus quantity of production, and training. The PTO has begun to take action to address both of these challenges. A Quality Management function reporting directly to the Commissioner of Patents and Trademarks has been established. This function includes a PTO Quality Council with representatives from throughout the PTO as well as the three bargaining units. The Quality Council will continue to analyze the survey results and develop actions for improving employee satisfaction across the PTO. In addition, each business area will be developing actions specific to challenges identified for their area.

In terms of training, a Blue Ribbon Panel to examine training practices has been established. The Panel reported its findings to the Commissioner and, to date, two partnership agreements were signed for Law School and Technical Training.

Inter-Agency Collaborations

We collaborate with numerous Federal agencies in accomplishing our mission and HIA performance commitments.

Our Patent Business works closely with the Departments of Defense and Energy, and the National Aeronautics and Space Administration in handling patent applications having national security implications. We work with the Department of Health and Human Services in handling both AIDS-related and recombinant DNA information. We also work with the Food and Drug Administration with regard to patent term extensions for drug-related patents that have received regulatory review.

Our Trademark Business works with the Department of Treasury's U.S. Customs Service regarding counterfeit goods or services.

Our Information Dissemination Business provides an annual report on patent statistics to the Census Bureau for the Statistical Abstract of the United States, and partners with the National Science Foundation on the Report to the President on Science and Engineering Indicators. The Government Printing Office replicates our CD-ROM products and makes them available to their depository libraries. We also provide the U.S. Customs Service with CD-ROMs of trademark information.

Our Office of Legislative and International Affairs (Policy) collaborates with the Department of State, the Office of the United States Trade Representative (USTR), and the International Trade Administration in the formulation and negotiation of proposals for the protection of intellectual property, both at home and abroad. We also advise the USTR on unfair foreign trade practices for intellectual property (Section 301).