

## Performance Goals and Results

The USPTO has developed a framework of performance indicators that better defines service from the perspective of our customers. These performance indicators are related directly to the day-to-day management of the USPTO and are part of the Performance Agreements between the Secretary of Commerce and the Commissioner for Patents and the Commissioner for Trademarks. They are contained in our Corporate Plan where they are linked to our budget priorities and initiatives, and identified in the Balanced Scorecards we use to assist our operations in moving from ideas to action, achieving long-term goals, and obtaining feedback about strategy.

### Fiscal Year 2000 Performance

In fiscal year 2000, the USPTO received more patent and trademark applications than planned, primarily because of the robust domestic economy. Despite increased workloads, the USPTO made significant progress toward meeting its fiscal year 2000 performance commitments. In Patents, despite a net decrease in staffing, number of first Office actions increased by almost 5 percent or 10,779 and the number of balanced disposals increased by almost 6 percent or 12,784. At the same time, Patents attained an average pendency time to issue/abandonment of 25.0 months.

Trademarks received 375,428 trademark classes for registration. Application filings increased 27 percent in each of the past two years. Increases of this magnitude help explain why trademark pendency to first Office action was 5.7 months, an increase of 1.1 months over the prior year. Although first Office action pendency was higher than the projected target, overall pendency to registration decreased by 1.6 months to 17.3 months. Reducing the time to issue registrations is a significant accomplishment given the level of new filings and inventory of pending applications. There were 106,383 trademark registrations issued including 127,794 classes—an increase of more than 21 percent over the number of registrations issued in fiscal year 1999.

We also expanded the patent and trademark data available

to our customers via the Internet. Currently there are more than 49 million pages in the patent databases that comprise over 3.2 terabytes of science and technology information. In the trademark search database, there are more than 2.9 million marks, comprising over 14 gigabytes of information.

### Evaluations

The USPTO used various types of evaluations to assess how well our programs and operations were working. Examples of these follow:

- **Baldrige Assessment**—The USPTO conducted an annual self-assessment using the Baldrige criteria to project key requirements for delivering ever-improving value to customers while maximizing overall effectiveness and productivity of the delivering organization. The results of the review helped the USPTO identify key opportunities for improvement and prioritize the use of our scarce resources. As a result of the Baldrige Assessment, the USPTO:
  - Formalized a systematic strategic planning process and a performance management system that was used to establish linkages among organizational goals.
  - Initiated balanced scorecards in each organization to track performance from financial, customer, employee, and business results perspectives. Balanced scorecard results were monitored by the USPTO's Executive Committee whose members are held accountable for delivering results that are important to the success of the USPTO.
  - Enhanced the use of employee satisfaction survey results. Key drivers of employee satisfaction were identified, such as trust, respect, and communications. These drivers were addressed through specific initiatives, such as an Employee Communication Mailbox, elimination of sign in-out sheets, and expanded flexitime.

- **Annual Customer Satisfaction Surveys**—The USPTO conducted internal and external customer surveys, customer service training for employees, and supported a wide variety of customer feedback activities. Customer input is needed to ensure that activities geared toward improving products and services are supportive of customer needs and expectations. This process is facilitated by obtaining customer feedback through focus groups, partnership meetings, technology fairs, workshops and publicity campaigns. The results of customer feedback were taken into consideration when planning future activities.

- **Quality Reviews**—The USPTO conducted ongoing reviews on the quality of patent and trademark examination. The focus of the review for patent applications is threefold: identifying patentability errors, assessing adequacy of the field of search and proper classification, and assessing proper examination practice and procedures. For trademark applications, the review includes four areas: substantive statutory criteria for registrability, search for confusingly similar marks, proper examination practice and procedure, and proper application of judicial precedents. The information from these reviews helps the business units identify necessary training with the goal of enhancing overall product quality and improving the consistency of examination. The results of the reviews provide analysis in the form of reports to Patent and Trademark management. These reports serve as a tool for educating examiners and examining attorneys. In addition to reporting specific errors, the analysis provides information on recurring problems and trends.

- **Management Control Reviews (MCRs)**—The USPTO conducted MCRs on the Patent Working Lab and the Trademark Work-at-Home program during the fiscal year. These reviews looked at ways to improve management controls within these programs. For example, the review of the Patent Working Lab enabled the patent business to learn several important lessons. Most importantly that the Technical Support Staff (TSS), as demonstrated by those employees in the

Lab, can perform several tasks traditionally performed by examiners, thereby enabling patent examiners to focus more on the legal and technical aspects of the patent application.

- **Computer Security Initiatives**—The USPTO undertook several actions to improve the integrity, availability, and confidentiality of automated information systems in accordance with the Computer Security Act of 1987. Installation and configuration of a dual-fold Intrusion Detection System that will monitor both external and internal intrusion attempts and redesigning our computer firewall to include multiple zones for various levels of security access are examples of two of these initiatives.

The Office of the Inspector General (OIG) also contributed to the USPTO's efforts to assure audit and evaluation coordination and coverage of USPTO goals.

The OIG conducted the following types of audits and evaluations:

- **Financial Statement Audit**—During the fiscal year 2000 financial statement audit, various tests and reviews of the primary accounting system and internal control were conducted as required by the Chief Financial Officers' Act. In their fiscal year 2000 internal control report, the auditors reported no matters involving internal control and its operation that were considered to be material deficiencies. The auditors issued an unqualified opinion on the USPTO's fiscal year 2000 financial statements.
- **Program Evaluations**—Several reviews of this type were conducted by the OIG during the course of the fiscal year. For example, the OIG reviewed the USPTO's efforts to protect U.S. intellectual property rights overseas. Specifically, the review evaluated the USPTO's efforts regarding: international training and technical assistance, monitoring compliance with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), and communication and coordination with other federal agencies involved in protecting intellectual rights. In general, the OIG found that the USPTO was highly respected for its expertise

expertise in international intellectual property protection issues applied through its training and analytical activities and its critical involvement in international agreement negotiation and the drafting of implementing legislation and regulation.

The following tables summarize the USPTO's performance goals, measures, and indicators for our Intellectual Property Leadership function, and our two business areas, Patents and Trademarks.

#### Intellectual Property Policy

The USPTO's intellectual property leadership function is instrumental in carrying out the USPTO's strategic goal of playing a leadership role in intellectual property rights policy. The USPTO endeavors to keep America competitive in the global marketplace by fostering and securing an unimpeded economic infrastructure by effective management and stewardship of intellectual property rights that contribute to sustainable economic opportunities.

**Performance Goal: Strengthen intellectual property protection in the United States and abroad, making it more accessible, affordable, and enforceable.**

	FY 1999 Actual	FY 2000 Target	FY 2000 Actual
<b>Measure:</b> Increase in technical assistance to developing countries moving to a market economy - Number of countries provided technical assistance.	93	96	126
<b>Discussion:</b> Target exceeded. The target for the number of developing countries receiving technical assistance was exceeded due to the increased level of requests for assistance received by the USPTO.			
<b>Measure:</b> Increase in technical assistance to developing countries moving to a market economy - Number of technical assistance activities completed.	99	102	106
<b>Discussion:</b> Target exceeded. The target for the number of technical activities completed was exceeded due to the increased level of requests for assistance received by the USPTO.			

#### Patent Business

The following performance measures were established to reflect the significant change to Patents as a result of the AIPA.

**Performance Goal: Enhance the quality of products and services**

	FY 1999 Actual	FY 2000 Target	FY 2000 Actual
<b>Measure:</b> Percent of allowed applications with a material or significant defect.	5.5	4.0	6.6
<b>Discussion:</b> Target not met. Based on the analysis of the data, we will be focusing on new employee training, improved search capability, and in-process review.			
<b>Measure:</b> Percent of allowed applications where a significant question relating to quality of the examination process was raised.	13.9	11	7.7
<b>Discussion:</b> Target exceeded.			
<b>Measure:</b> Percent customer satisfaction with setting forth positions clearly in written communications.	63	68	63
<b>Discussion:</b> Target not met. Based on analysis of the data, we will focus on providing additional training and in-process review.			
<b>Measure:</b> Percent customer satisfaction with results of the search of prior art.	64	69	61
<b>Discussion:</b> Target not met. Over 1800 new examiners were hired over the past three fiscal years. Additional resources will be devoted to train this large number of junior examiners. This will be accomplished by providing additional support to a small corps of senior examiners to mentor the junior workforce.			
<b>Measure:</b> Percent customers satisfied overall.	57	60	64
<b>Discussion:</b> Target exceeded (fiscal year 2000 target was revised from 70 percent to 60 percent based on Commissioner for Patents performance agreement with Secretary of Commerce). On the basis of the fiscal year 2000 Annual Customer Survey results, customer satisfaction with the patent process increased 8 percentage points compared to the previous year. We will continue focusing on quality improvement activities such as facilitating information sharing with employees, training, analysis of customer feedback, and improved examiner tools.			
<b>Measure:</b> Percent customers satisfied with returning phone calls in one day.	58	62	61
<b>Discussion:</b> Target not met. We will continue efforts to provide customer service training to all employees.			
<b>Measure:</b> Percent customer satisfaction with directing callers to the proper office or person.	63	69	69
<b>Discussion:</b> Target met.			
<b>Measure:</b> Average days to mail a filing receipt.	23	30	64
<b>Discussion:</b> Target not met. The increased workload, junior workforce, and in particular, the transition to an electronic system increased mail time. We anticipate a return to target in fiscal year 2001.			
<b>Measure:</b> Percent of filing receipts produced accurately.	73.3	80	80.5
<b>Discussion:</b> Target met.			
<b>Measure:</b> Percent employee satisfaction on survey question "How satisfied am I with my job."	*47	51	55
<b>Discussion:</b> Target exceeded. We made a concerted effort to improve employee satisfaction by implementing several quality of life issues. We identified and implemented issues which were important to our employees through employee satisfaction surveys and continuing dialogue with our employees.			
<b>Measure:</b> Rank in survey results of employee satisfaction in government.	N/A	N/A	N/A
<b>Discussion:</b> This is a new measure. The establishment of a target for this measure is dependent upon the analysis of the forthcoming OPM government-wide survey data.			

\* Fiscal year 1998 survey.

**Performance Goal: Transition to e-government**

	FY 1999 Actual	FY 2000 Target	FY 2000 Actual
<b>Measure:</b> Percent annual business return on e-government initiatives.	N/A	N/A	N/A
<b>Discussion:</b> This measure will be tracked beginning in fiscal year 2001.			
<b>Measure:</b> Percent of patent applications filed electronically.	N/A	N/A	N/A
<b>Discussion:</b> This measure will be tracked beginning in fiscal year 2001.			
<b>Measure:</b> Percent of annual growth of external customers using the USPTO e-government systems.	N/A	N/A	N/A
<b>Discussion:</b> This measure will be tracked beginning in fiscal year 2001.			
<b>Measure:</b> Percent of employees relying on the USPTO e-government environment to perform their work.	N/A	N/A	N/A
<b>Discussion:</b> This measure will be tracked beginning in fiscal year 2001.			

**Performance Goal: Optimize processing time**

	FY 1999 Actual	FY 2000 Target	FY 2000 Actual
<b>Measure:</b> Average number of first Office actions and disposals (balanced disposals).	223,099	244,696	235,883
<b>Discussion:</b> Target not met. Budget constraints prevented hiring additional staff to meet this target. Review is currently under way to reengineer existing processes and improve efficiencies. Additional examiners will be hired if budget allocation improves.			
<b>Measure:</b> Number of patent disposals.	219,556	235,642	234,344
<b>Discussion:</b> Target not met. Budget constraints prevented hiring additional staff to meet this target, which is one of the two components of balanced disposals.			
<b>Measure:</b> Average pendency to first Office action (months).	13.8	14.2	13.6
<b>Discussion:</b> Target exceeded.			
<b>Measure:</b> Average pendency to issue/abandonment (months).	25.0	26.2	25.0
<b>Discussion:</b> Target exceeded.			
<b>Measure:</b> Percent applications receiving first Office actions within 14 months of filing while factoring in term reductions.	83.1	75	81.2
<b>Discussion:</b> Target exceeded. This is a new measure created to comply with the AIPA.			
<b>Measure:</b> Percent applications receiving actions after an applicant's amendment within four months.	97.4	99	98.3
<b>Discussion:</b> Target not met. This is a new measure created to comply with the AIPA. Cross-functional teams have been established to analyze data and implement corrective actions.			
<b>Measure:</b> Percent applications receiving actions after a Board decision within four months.	N/A	90	76.9
<b>Discussion:</b> Target not met. We are working on the process and relationship between the Patent Examining Corps and the Board of Patent Appeals and Interferences. This is a new measure created to comply with the AIPA.			
<b>Measure:</b> Percent applications granted within four months after issue fee payment.	N/A	85	89.1
<b>Discussion:</b> Target exceeded. This is a new measure created to comply with the AIPA.			
<b>Measure:</b> Percent patents granted that do not qualify for term extension for exceeding 36 months.	N/A	N/A	N/A
<b>Discussion:</b> This measure will be tracked beginning in fiscal year 2001.			

**Fiscal Year 1999 Performance Measures**

The Patent performance measures identified below are included in the USPTO's fiscal year 1999 Annual Performance Plan, but were replaced/dropped as performance measures for fiscal year 2000.

Rationale for replacing/dropping the measure is identified in the Discussion section for each performance measure.

	FY 1999 Actual	FY 2000 Target	FY 2000 Actual
<b>Measure:</b> Number of inventions filed.	219,288	241,200	N/A
<b>Discussion:</b> This performance measure has been superseded by the AIPA. Existing resources were dedicated to tracking the new measures as required by AIPA rather than former measures. This measure will not be included in future reports.			
<b>Measure:</b> Number of UPR applications filed.	261,041	287,100	293,244
<b>Discussion:</b> Target not met. This is a workload measure that is tracked in the USPTO's annual corporate plan.			
<b>Measure:</b> Number of weighted applications disposed (per examiner FTE).	81.0	91.6	N/A
<b>Discussion:</b> This performance measure has been superseded by the AIPA. Existing resources were dedicated to tracking the new measures as required by AIPA rather than former measures. This measure will not be included in future reports.			
<b>Measure:</b> Workload cost indicator.	\$2,494.20	\$2,646.99	N/A
<b>Discussion:</b> This performance measure has been superseded by the AIPA. Existing resources were dedicated to tracking the new measures as required by AIPA rather than former measures. This measure will not be included in future reports.			
<b>Measure:</b> Number of patents (UPR) issued per year.	143,686	165,800	165,504
<b>Discussion:</b> Target not met. This is a workload measure that is tracked in the USPTO's annual corporate plan.			
<b>Measure:</b> Average cycle time of inventions processed (months).	12.9	10.2	N/A
<b>Discussion:</b> This performance measure has been superseded by the AIPA. Existing resources were dedicated to tracking the new measures as required by AIPA rather than former measures. This measure will not be included in future reports as a result of the transition to the AIPA legislative requirements.			
<b>Measure:</b> Percent of inventions achieving 12 months or less cycle time.	62	80	N/A
<b>Discussion:</b> This performance measure has been superseded by the AIPA. Existing resources were dedicated to tracking the new measures as required by AIPA rather than former measures. This measure will not be included in future reports.			
<b>Measure:</b> EOY pending applications awaiting examiner action.	220,700	277,500	256,520
<b>Discussion:</b> Target exceeded. This is a workload measure that is tracked in the USPTO's annual corporate plan.			

Trademark Business

The following performance measures were established to reflect the significant change to Trademarks as a result of the AIPA.

**Performance Goal: Enhance the quality of products and services**

	FY 1999 Actual	FY 2000 Target	FY 2000 Actual
<b>Measure:</b> Percent error rate for errors that could affect the registrability of a mark.	3.8	3.6	3.4
<b>Discussion:</b> Target met.			
<b>Measure:</b> Percent of customers reporting satisfaction with clear written communication.	77	80	77
<b>Discussion:</b> Target not met. Efforts are under way to simplify the content and provide clearer explanations regarding the response that is required from applicants to first Office actions.			
<b>Measure:</b> Percent of customers reporting satisfaction with correct information in the OG.	74	83	76
<b>Discussion:</b> Target not met. The process for proofing, editing, and printing the TM Official Gazette will change in fiscal year 2001 with the implementation of full electronic in-house publication that will provide better control over the quality of information that is published.			
<b>Measure:</b> Percent of customers satisfied overall.	69	72	65
<b>Discussion:</b> Target not met. Customer satisfaction efforts are focused on internal processing issues relating to timeliness and the handling of delays and mistakes, two problem areas that although improved in the last quarter, still require further attention and improvement.			
<b>Measure:</b> Percent of customers satisfied with the Office returning phone calls in one day.	59	62	53
<b>Discussion:</b> Target not met. Additional attention has been focused on directing all employees, especially examiners, to return phone and e-mail messages in one day.			
<b>Measure:</b> Percent of customers satisfied with the delivery of filing receipts. Correct filing receipts mailed in one day (electronic filings).	N/A	100	100
<b>Discussion:</b> Target met. The question was not asked in the 1999 customer survey.			
<b>Measure:</b> Percent of customers satisfied with the delivery of filing receipts. Correct filing receipts mailed in 14 days (paper filings).	33	35	27
<b>Discussion:</b> Target not met. Major improvements were made in the number of days to mail a filing receipt for a paper application in the last quarter of 2000. Backlogs of unprocessed work were eliminated, reducing time to mail a filing receipt from 107 to nine days.			
<b>Measure:</b> Rank in survey results of employee satisfaction as measured against other government agencies.	N/A	N/A	N/A
<b>Discussion:</b> This is a new measure. The establishment of a target for this measure is dependent upon the analysis of the forthcoming OPM government-wide survey data.			

**Performance Goal: Integrate electronic government into business practices**

	FY 1999 Actual	FY 2000 Target	FY 2000 Actual
<b>Measure:</b> Percent of trademark applications filed electronically.	8.3	30	14.9
<b>Discussion:</b> Target exceeded. Extensive efforts were made to promote the benefits of electronic filing, assist law firms in adopting the practice, and modify the design of the forms to meet customer demands.			
<b>Measure:</b> Percent customers communicating electronically in all aspects of correspondence.	N/A	N/A	N/A
<b>Discussion:</b> This is a new measure. Efforts are underway to develop measurements and goals.			

**Performance Goal: Minimize processing time**

	FY 1999 Actual	FY 2000 Target	FY 2000 Actual
<b>Measure:</b> Average time to examiner's first Office action (months).	4.6	4.5	5.7
<b>Discussion:</b> Target not met. In fiscal year 2000, the USPTO received 375,428 trademark classes for registration. Application filings increased 27 percent. Increases of this magnitude help explain why trademark pendency to first Office action was 5.7 months, an increase of 1.1 month over the prior year. Meeting the target remains a challenge. To the extent resources are available, hiring to meet increased workloads and investments in new ways of doing business and technology will be emphasized.			
<b>Measure:</b> Average time to disposal or registration (months).	18.9	18	17.3
<b>Discussion:</b> Target met. Overall pendency to registration decreased by 1.6 months to 17.3 months. Reducing the time to issue registrations is a significant accomplishment given the level of new filings and inventory of pending applications. The USPTO issued 106,383 trademark registrations including 127,794 classes, an increase of more than 21 percent over the number of registrations issued in 1999.			

**Fiscal Year 1999 Performance Measures**

The Trademark performance measures identified below were included in the USPTO's fiscal year 1999 Annual Performance Plan but were replaced/dropped as performance measures for fiscal year 2000. Rationale for replacing/dropping the measure is identified in the Discussion section for each performance measure.

	FY 1999 Actual	FY 2000 Target	FY 2000 Actual
<b>Measure:</b> Trademark applications filed - classes.	295,165	324,700	375,428
<b>Discussion:</b> Target exceeded. This is a workload measure that is tracked in the USPTO's annual corporate plan. This measure will no longer be reported.			
<b>Measure:</b> Trademark disposals per FTE (including Trademark contractors).	206	194	N/A
<b>Discussion:</b> This measure will no longer be reported. Existing resources were dedicated to tracking the new measures rather than former measures.			
<b>Measure:</b> Workload cost indicator.	\$557.87	\$495.95	N/A
<b>Discussion:</b> This measure will no longer be reported. Existing resources were dedicated to tracking the new measures rather than former measures.			