

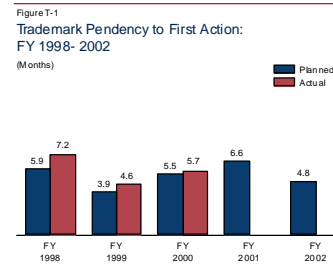
performance agreement required by law, and was based on resources allocated for fiscal year 2000. The Patent Business goals formed the foundation for the annual performance agreement between the Commissioner for Patents and the Secretary of Commerce, as required by the AIPA. The performance agreement outlined measurable organizational goals and objectives for the Patent Business based on the above goals and the performance measures included in the

GPRA Annual Performance section of this report. Upon an evaluation by the Secretary of Commerce, and consistent with the AIPA, the Commissioner for Patents received a performance bonus of 25 percent of his annual rate of basic pay for his contribution toward the successful achievement of these goals and objectives.



## Trademarks

In fiscal year 2000, the USPTO received 296,490 trademark applications, including 375,428 classes for registration—an increase of 27.2 percent over fiscal year 1999 actual filings. Fiscal year 2000 was the second year in a row that applications increased by 27 percent.



The magnitude of these increases helps to explain why trademark pendency to first Office action was 5.7 months, an increase of 1.1 months over fiscal year 1999. Although first Office action pendency was higher than the projected target of 4.5 months, overall pendency to registration decreased 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 fiscal year 1999. Despite this level of effort, the USPTO ended the fiscal year with more than 520,000 pending applications on hand, including 677,000 classes—a significant increase over last year in the number of applications under examination.

The Trademark Electronic Application System (e-TEAS) continued to generate an unprecedented level of electronic filings -- more than 64,700 filings including 74,900 classes for registration in its first two years of operation. In fiscal year 2000, electronic application

filings more than doubled to 44,100 from 20,600 in fiscal year 1999.

The acceptance of applications electronically is fundamental to the USPTO's ability to manage the significant increase in workload. In fiscal year 2000, e-TEAS was a semi-finalist in the 2000 Innovations in American Government Awards Program, sponsored by the Ford Foundation and the Kennedy School of Government at Harvard University. It was also a winner of the 2000 Government Technology Leadership Award

sponsored by the Government Technology Leadership Institute and *Government Executive* magazine. Recognition in both of these national competitions is

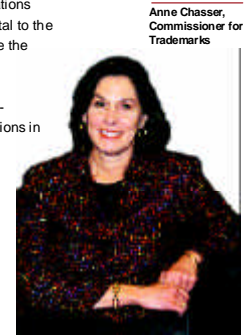
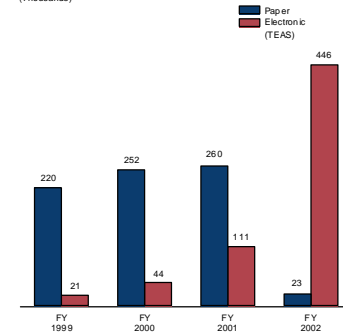


Figure T-2  
Paper vs. Electronic Trademark  
Application Filings: FY 1999-2002  
(Thousands)





Jessie Marshall (right), an Administrator in Trademark Classification and Practice, works with Nita Truss on information destined for applicants.

testimony to the success of e-TEAS, and the USPTO's move to e-government.

Trademarks identified a number of strategies to direct the management of resources to achieve its goal of enhancing trademark protection through the registration of high quality and timely trademarks. As increases in application filings continue, we must change our business approach for serving our customers. Electronic filing and communications are providing the means to serve more customers with better quality results and fewer resources. The results of our customer surveys also made it clear that customers who file electronically are more satisfied than customers who file paper applications. All of our customers who file electronically said they were satisfied with the ease of access and use of the filing system and the time it took to receive a filing receipt with 94 percent satisfied with accuracy. Of the customers who filed paper applications, only 44 percent were satisfied with the accuracy of the filing receipt and 27 percent were satisfied with the time that it took to receive it.

Trademarks is adopting e-government to utilize information technology and the Internet as the single approach to serve its

customers. By reducing or eliminating the number of processing activities in the production process, we have the greatest potential for performance improvement. Many of these separate processing activities are the result of a manual, paper-based process that is dependent on copying application papers, matching papers to files, and updating a database for all pending and registered files. As the number of pending files rises, the opportunity for processing delays, errors in capturing data, and missing papers and files increases. Trademarks' goal is to have all communications with our customers performed electronically by 2003. By achieving our e-government goal of providing and delivering information and services electronically, we will better manage our resources and facilitate quality and process improvements.

Trademarks has committed to achieving measurable organizational goals and objectives as follows:

**Goal: Enhance the Quality of Our Products and Services**

- Reduce the error rates in examined trademarks to less than 3 percent
- Provide clear written communications in all correspondence
- Improve the consistency of examination and reduce requirements
- Increase overall customer satisfaction rating by 3 percent each year
- Return phone calls within one business day
- Mail correct filing receipts in 14 days for paper-filed applications
- Mail correct filing receipts in one day for electronically filed applications
- Design and establish a customer complaint management system

In fiscal year 2000, we added the Trademark

Electronic Business Center to the USPTO Web site. This addition created a convenient single source for locating trademark-related information by giving customers access to general information, as well as the same data that are used internally to process and examine applications. Data are available electronically in less time than it takes to provide access to the same information in paper. The Web site allows customers to:

- Search text and images of more than 2.9 million active, pending, and retired marks
- Search the locate status information for pending and registered marks
- Conduct a search of trademarks using the electronic search system
- Complete and file a trademark application electronically
- Complete and file intent-to-use and post registration forms electronically
- Download and complete a copy of a printed application form for mailing
- Check the status of pending applications

The addition of seven intent-to-use and post registration forms made it possible to file nearly all trademark applications electronically. Electronic filing substantially improves processing time by eliminating a number of processing steps, as well as improving the quality of the application and filing receipt data that are captured.

**Goal: Minimize Processing Time**

- Deliver examiner's first Office action within three months
- Determine registrability of trademarks within 13 months

Trademarks believes that reducing pendency while managing rising filings is crucial to our mission of

meeting customers' needs and protecting business through the examination and registration of trademarks.

The vast majority of applications in fiscal year 2000 were filed on paper in a non-standard format. This type of application requires a number of separate processing steps to convert the application data into electronic format. Once these steps are completed, a filing receipt, which notifies applicants that initial requirements for a filing date have been met and assigns a serial number as a reference for future correspondence, can be generated and mailed.

In the last half of fiscal year 2000, two changes were implemented that significantly reduced the time needed to process data from paper filed applications: contractors supplemented Government staff, and the process was streamlined. Contractors were hired on a term basis, and worked from electronic images and data that were produced by scanning paper using optical character recognition technology to review data for transfer to the Trademark Reporting and Monitoring (TRAM) system. The length of time from filing to mailing a filing receipt dropped from 107 days to nine days in a six-month period, a significant improvement considering that a backlog of some 60,000 files was eliminated. The mailing of filing receipts remained under the office goal of 14 days.

Fifteen percent of the applications filed for registration were filed electronically. The process for generating a filing receipt for applications that are filed electronically through e-TEAS is faster and more accurate. Applicants receive an electronic filing receipt that includes the full text of their application exactly as it was submitted upon filing or the same day. Data are received in an electronic format that permits expedited transfer to TRAM, improving access for everyone, reducing processing steps and improving the reliability and quality of the data that is transferred. Electronically filed applications are received and processed in an e-commerce law office that is designed to handle all processing and

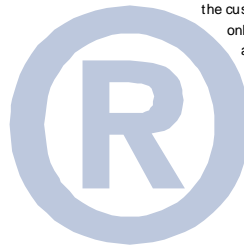
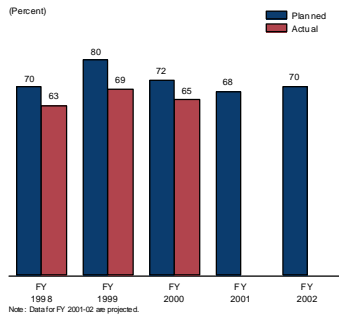


Figure T-3  
 Trademark Customer Satisfaction:  
 FY 1998-2002



that is designed to handle all processing and examination activities for applications filed through e-TEAS.

The anticipated increases in the number of applications received will create real challenges for meeting processing times. Increasing the number of applications filed electronically is central to our strategy for managing continued increases.

**Goal: Enhance Employee Satisfaction**

- Achieve employee satisfaction that ranks among the top Government agencies

As a service organization, Trademarks recognizes that our employees are our most valuable resource. In fiscal year 2000, we addressed this goal by extending training and development opportunities to our employees and expanding flexible work schedules and Work-at-Home programs. The results of the most recent employee survey confirm that our efforts have achieved significant increases in employee satisfaction. As compared to the 1998 employee satisfaction results, improvements were reported in 47 of 49 performance areas, of which 34 improved by 10 percent or more. Overall satisfaction was 59 percent, with

67 percent satisfied with their jobs in Trademarks, an increase of 18 percent for both measures.

Trademark managers also adopted a more centralized approach for developing and providing training to ensure that employees are properly trained for their current and future responsibilities. Trademarks is working to develop future leaders and managers by promoting participation in the Council for Excellence in Government Fellows Program. Six high-performing mid-level employees were selected to participate in this year-long program. This is the largest group ever sponsored by Trademarks for the program, which is designed to develop leaders who can learn from the success of others in the private and public sector. Trademark managers and union representatives also worked in partnership with the Council to address the strategies that are necessary to achieve our goals and create the changes that are needed for the future success of the organization.

Employees have greater choices for managing their time at work by selecting from three alternative work schedules in addition to the traditional five-day workweek. In fiscal year 2000, we expanded the Work-at-Home program to increased numbers of participating examiners and extended the same opportunity to other positions within the Trademark Business area.

**Goal: Integrate Electronic Government into Business Practices**

- Receive 95 percent of applications electronically by 2002
- Communicate electronically in all communications and correspondence with 50 percent of our customers

The USPTO adopted a business goal focused on moving from a paper-dependent system to an e-government operation that relies on using our investment in technology to increase access to the registration system and manage significant increases in filings. The Trademark Business intends to promote the e-government concept by creating a single approach for serving all its customers that relies on using information technology and the Internet.

Operational and process changes will be based on electronic filing and electronic communications.

In fiscal year 2000, Trademarks opened its first e-commerce law office for the examination and processing of electronically filed applications for trademark registration. The Trademark e-commerce law office is based on the initial success of e-TEAS and is consistent with the USPTO e-government strategy to do business electronically. The office combined the staff of two law offices that previously examined paper-filed applications that were initially received and processed by separate processing units, thus enhancing the delivery and opportunity for timely examination of applications.

The creation of this e-commerce law office demonstrated the opportunity for reducing the length of time it takes to register a mark. By filing and communicating electronically with the USPTO, it is possible for initial examination to occur in one-third less time, with response times decreasing dramatically as well. As the number of electronically filed applications increases, the USPTO will convert more law offices to e-commerce offices.

**Trademark Performance**

As mentioned in the previous section, American Inventors Protection Act, Title VI, Subtitle G, the Patent and Trademark Office Efficiency Act, established the USPTO as a PBO on March 29, 2000. The legislation allows appointment of a Commissioner for Patents as the Chief Operating Officer for Patents, and a Commissioner for Trademarks as the Chief Operating Officer for Trademarks. It also requires that an annual performance agreement be established between the Commissioners and the Secretary of Commerce. The agreement outlines measurable organizational goals and objectives for the PBO. The Commissioners may be rewarded a bonus, based upon an evaluation of their performance as defined in the agreement, up to 50 percent of their base salary.

The fiscal year 2000 agreement was the first step towards the performance agreement required by law, and was based on resources allocated for fiscal year 2000. The Trademark Business goals formed the foundation for the annual performance agreement between the Commissioner for Trademarks and the Secretary of Commerce, as required by the AIPA. The performance agreement outlined measurable organizational goals and objectives for the Trademark Business based on the above goals and the performance measures included in the GPRA Annual Performance section of this report. Upon an evaluation by the Secretary of Commerce, and consistent with the AIPA, the Commissioner for Trademarks received a performance bonus of 20 percent of her annual rate of basic pay for her contribution toward the successful achievement of these goals and objectives.