

MISSION OF THE U.S. PATENT AND TRADEMARK OFFICE

The U.S. Patent and Trademark Office (PTO), a bureau of the U.S. Department of Commerce, has been given the task of promoting intellectual property rights systems—patents, trademarks, and copyrights—as a means of achieving national economic prosperity.

Our mission is to:

- *Administer the laws relevant to granting patents and registering trademarks;*
- *Advise the Secretary of Commerce, the President of the United States, and the Administration on patent, trademark, and copyright protection; and*
- *Advise the Secretary of Commerce, the President of the United States, and the Administration on the trade-related aspects of intellectual property.*

The mission of the Department of Commerce is to promote 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 infrastructure;*
- *Keep America competitive with cutting-edge science and technology and an unrivaled information base; and*
- *Provide effective management and stewardship of our nation's resources and assets to ensure sustainable economic opportunities.*

We support the three strategic themes of the Department of Commerce mission and execute our mission by pursuing our agency's strategic goals:

- ***Play a leadership role in intellectual property rights policy, including trade-related intellectual property issues.*** *We support both the Department's first and second strategic themes by working with international organizations to improve responsiveness to customers and improve working relationships among the businesses, agencies, and foreign nations and organizations that produce and/or rely on patents and trademarks.*
- ***Provide our customers with the highest quality service in all aspects of PTO operations.*** *We support the Department's third strategic theme by discharging our core functions—examining patent applications and granting patents, examining trademark applications and registering trademarks, and disseminating patent and trademark information to our customers.*

The PTO's three core businesses—Patents, Trademarks, and Information Dissemination—work together to further these two strategic goals. Our Patent business helps inventors obtain patents by determining if claimed inventions meet statutory criteria and by granting the patents. Our Trademark business registers trademarks after ensuring that applicants' submissions meet registration requirements. Our Information Dissemination business provides access to, and copies of, new patents and trademark registrations, and other information products, helping with the development and sharing of new technologies

worldwide and promoting a broader understanding of intellectual property. In addition to directing these three core businesses, the PTO's corporate offices work to protect, promote, and expand intellectual property rights systems in the United States and around the world.

The PTO's businesses have established performance goals to achieve these goals and improve customer service. On the basis of these performance goals, we have developed performance measures used to prepare annual performance plans and report our program results.



EXECUTIVE STAFF

Front row (left to right): Dennis Shaw, Chief Information Officer; Paul Salmon, Executive Assistant to the Assistant Secretary of Commerce and Commissioner of Patents and Trademarks; Nancy Linck, Solicitor; Lawrence J. Goffney, Jr., (Acting) Deputy Assistant Secretary of Commerce and Deputy Commissioner of Patents and Trademarks.

Back row (left to right): Philip G. Hampton, Assistant Commissioner for Trademarks; Bruce Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks; Edward R. Kazenske, (Acting) Associate Commissioner and Chief Financial Officer; Andrew Hirsch, Special Assistant to the Commissioner; Robert L. Stoll, Administrator for Legislative and International Affairs.

Not pictured: Bradford R. Huther, Associate Commissioner and Chief Financial Officer.

PATENTS

“All duties required by law respecting the granting and issuing of patents”

Title 35, United States Code, chapter 1

The PTO's Patent business receives patent applications, examines them for patentability, and grants patents. Processing applications and issuing patents quickly and accurately is important to both the inventor and the PTO. Because a patent expires 20 years after it is initially filed with the PTO, any delay in issuing a patent decreases the time the patent protects the invention for the inventor. For the PTO, delays in issuing a patent mean delays in recovering the cost of examining and granting the patent because more than half of these costs are covered by fees collected after the patent is granted.

Over the past decade, the number of patent applications received has increased, on average, more than 5 percent each year.¹ Applications for some technologies—such as genetics, communications, computer software, and semiconductors—have grown much faster. Applications in general, and for these technologies in particular, are becoming more complex and are requiring more time and greater knowledge and skills to examine.

To meet both the inventors' and the PTO's needs, and to issue patents without unnecessary delays, the PTO must solve the problem of this growing and increasingly complex workload. To do so, we must hire, train, and retain the highest-caliber scientists and engineers and improve our examination processes through reengineering and automation.

PATENT BUSINESS PERFORMANCE

The Patent business mission is to “help our customers get patents.” We have set five strategic goals to accomplish that mission. By measuring our performance against these goals, we can present a clear picture of how well we did in the past year.

Goal One—Reduce patent cycle time to 12 months or less for all inventions by FY 2003.

Cycle time analysis, initiated in FY 1997, showed that the PTO needed an average of 16.0 months (or until the inventor abandoned the invention) to issue a

	FY 1997	Change from FY 1996
Applications received	237,045	+14.9%
Patents issued: utility, plant, reissue (UPR)	112,646	+6.7%
Design patents issued	10,331	-8.9%
Average UPR patent pendency	22.2 months	+6.7%
Average UPR invention cycle time	16.0 months	N/A*
Expenses	\$ 553.3 million	N/A**
Staff-years	4,300	+0.4%
* PTO began cycle time analysis in FY 1997.		
** Because FY 1997 was the first year of the PTO's cost accounting program, FY 1996 numbers are not available for comparison.		

¹ In FY 1996, patent applications decreased slightly from FY 1995 because a law change in FY 1995 that encouraged patent applicants to rush their applications to the PTO, resulting in an artificially high number of applications in FY 1995, and, correspondingly, an artificially low number in FY 1996.



patent.² Patent pendency increased to 22.2 months in FY 1997 from 20.8 months the previous year.

Pendency increased in large part because budget constraints anticipated for FY 1998 led the PTO to stop many patent reengineering activities, slow others down, and severely constrain the hiring of new examiners. Increased filings and hiring restrictions in years prior to FY 1997 also contributed to the increase.

Because patent application examination is a lengthy process, the effects of constraints placed on patent examination are not immediately apparent in statistical measures. In addition, new examiners need several years to reach office productivity standards. For these reasons, pendency and cycle time are likely to continue to rise in the short term or decline only slightly even as these constraints diminish.

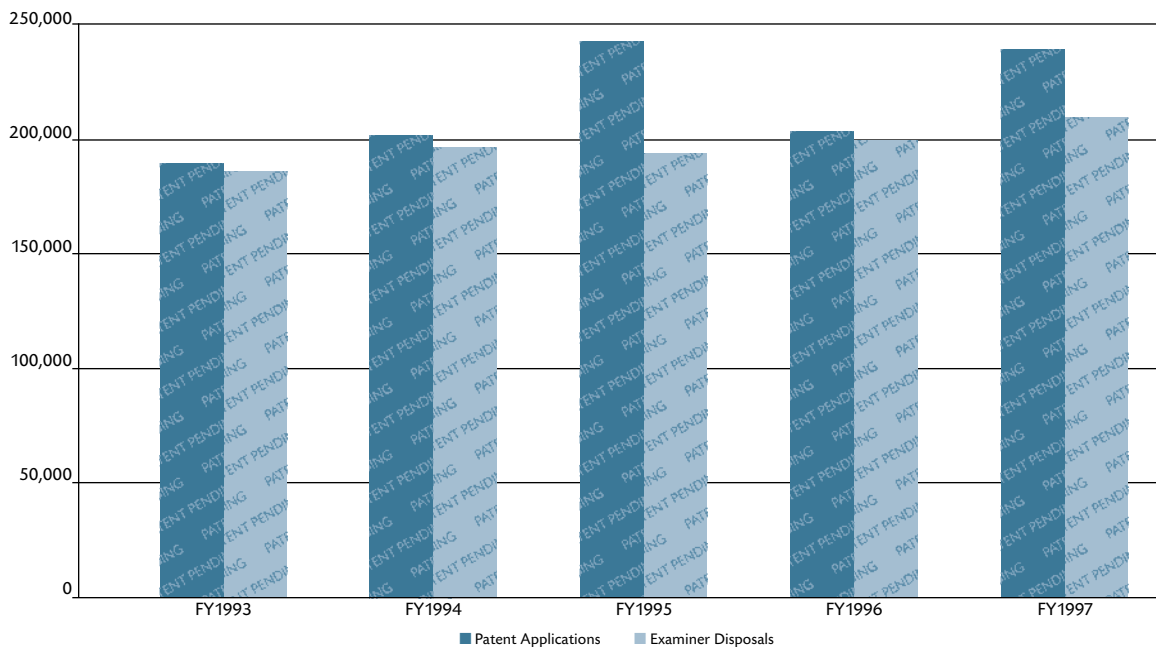
Pendency also increased because of the backlog of applications in the Pre-Examination Office. The PTO intends to reduce delays in this area to below 30 days before the end of FY 1998, and we have included plans in our FY 1999 budget to address the overall problem.

Goal Two—Establish fully supported and integrated Industry Sectors.

The Patent business began the realignment into Industry Sectors at the end of FY 1997. In the long term, realignment will permit us to:

- Customize resources and services to meet unique customer requirements;
- Provide better access to employees and the existing search files;
- Avoid situations where some examining groups have backlogs while other groups are working at less than full capacity;

Patent Applications and Production: FY 1993-1997



² Historically, the PTO has used patent pendency as the key measure of its performance. Pendency is somewhat limited as a measure, as it simply reports how long the average patent application takes to move through the patent process. It includes delays attributable to the applicant, and does not account for applications that contain multiple inventions, which may be allowed at different times, or for inventors that file multiple applications to respond to all issues. In FY 1997, the PTO began using a more relevant measure of the time necessary for processing a patent application: cycle time. Implemented as a result of the Uruguay Round Agreements Act (P.L. 103-465), cycle time resolves the weaknesses of the pendency measure, focusing solely on the amount of time the PTO spends to process the average invention.

- Increase private industry's involvement in our employees' technical training; and
- Streamline the application process.

Goal Three—Receive applications and publish patents electronically.

The PTO is changing the patent application process from a paper-based system to one that is fully automated. An automated application process will permit customers to conduct business with us electronically, saving both the customer and the PTO time and money. We expect the transition to the automated process to be completed by 2003.

In FY 1998 we will begin automating our Patent Cooperation Treaty (PCT) operations. We will apply the experience gained from this project to the entire patent examination process. When our examining processes are fully automated, patent examiners will be able to add documents to an electronic application file and have access to on-line tools and databases. We expect to use this electronic file to publish and share information with the public.

Goal Four—Exceed our customers' quality expectations through the competencies and empowerment of our employees.

Customer surveys conducted in FY 1995 and FY 1996 helped us identify key areas for improving customer satisfaction. By FY 1999 we will improve our overall customer satisfaction index from 50 percent to 65 percent and will raise specific areas even higher.

Goal Five—Assess fees commensurate with resource use and customer efficiency.

This past year, the PTO began calculating the unit costs of our products and services. We will use this information, together with market analyses, to help us make decisions about the patent fee structure and

to ensure that our fees are set to recover our operating costs. Our decisions will incorporate the ideas and concerns of customers that we are gathering through our ongoing patent fee study. The combination of well-informed strategic decisions and customer support for those decisions will ensure that the new fee structure meets the Patent business's financial and policy goals while continuing to offer customers low-cost access to the patent system.

PATENT AUTOMATION

In order to achieve the five Patent business goals, we must improve the efficiency of our examination to cope with our growing workload. Providing automated tools to our examiners and customers is essential to improved efficiency. Major automation projects in FY 1997 included:

- Desktop deployment—The PTO finished deploying desktop workstations to patent examiners. Every examiner now has a desktop workstation, and all examiners now have access to PTO electronic search clients and office-action creation clients, Internet searching, and PTONET intercommunication. This deployment is the first step toward an electronic office and the total electronic processing of patent applications.
- NT deployment—The PTO deployed Microsoft NT 4.0 to all examiners. The new operating system allows for easier and more cost-effective methods of hardware and software maintenance.
- Global patents—The first electronic foreign patent database for PTO examiners came online in FY 1997. The database gives examiners the ability to view European Patent Office and Japanese Patent Office patent abstracts and bibliographic data.
- Patent Application Information Retrieval (PAIR)—We completed prototyping of the PAIR system, which, when fully implemented, will allow customers to access patent information via the Internet.



- Patent Image Capturing System (PICS)—The PTO deployed PICS, which captures and stores all incoming applications in an image database used for searching. PICS permits us to end the microfiling of patent applications, and it cuts down the need to move applications physically within the PTO, reducing cycle time and the time needed to provide certified copies of applications.
- Application Capture and Review System (ACRS)—We began initial development of ACRS, which will expand on PICS by providing initial classification of applications.
- US Image Search and Retrieval Software—All examiners now have desktop access to all U.S. patents back to 1790.
- Foreign Patent Electronic Delivery System II (FPAS II)—FPAS II provides desktop access to most foreign patents published after 1980.

REENGINEERING

Reengineering the Patent business's various work processes offers great potential for long-term performance improvement. Because the PTO anticipated substantial budget restrictions in FY 1998, the PTO delayed its patent reengineering projects in FY 1997. For example, we postponed our Patent Reengineering Working Lab, which would have piloted alternative patent examination processes as well as explored new roles and responsibilities for patent examiners and technical support staff. Also, we postponed our Tools for Electronic Application Management project, which focused on the development of an electronic patent application file crucial to the PTO's ability to process patent applications electronically. We look forward to restarting these projects in FY 1998 as funds become available.



10,000th Plant Patent

The PTO reached an aromatic milestone on August 26, 1997 when it issued U.S. plant patent No. 10,000. Commissioner Lehman presented the patent to Oglevee Ltd. plant breeder David Lemon of California during a ceremony and press conference at the U.S. Botanical Gardens.

Lemon developed a new geranium called "Lois." The plant has many five-inch bicolor flowers of magenta purple and light lavender pink, and grows to 10 inches tall. They are used primarily as decorative house plants. The plant was named after Lois Carney, the production coordinator for Oglevee Ltd. Lemon and Carney planted a Lois geranium at the Botanical Gardens.

TRADEMARKS

“All duties required by law respecting the granting and issuing . . . the registration of trademarks.”

Title 35, United States Code, chapter 1

Trademarks are crucial to protecting business investments, promoting goods and services, and safeguarding consumers against deception in the marketplace. Applications for trademark registrations have increased an average of more than 12 percent annually over the last five years.

In addition to registering trademarks, the PTO provides other services to trademark customers. For instance, the Trademark business maintains a register of more than 839,000 trademarks that provides businesses and consumers notification of marks in active use.

TRADEMARK PERFORMANCE

The Trademark business’s primary goal is to enhance trademark protection. Its performance goals are to

improve customer service and to find more efficient and effective ways to do business.

Goal One—Reduce first action pendency to three months.

First actions provide an early indication of the likelihood that a mark will be registered, and thus they are crucial to businesses making decisions on commercializing their products or services. Although pendency increased in FY 1997, examining attorneys completed more first actions and disposals this year than last, even as the number of examining attorney positions decreased, from 232 to 225 positions. This increase in efficiency, combined with an increase in examining attorney positions in FY 1998, will permit the Trademark business to pursue its pendency goal.

Improvements in pre-examination helped increase productivity and helped contain the increase in pendency to first action. Pre-examination processing time decreased 30 percent, even as the number of filings increased an average of more than 12 percent annually over the last five years. Trademark Services continued to achieve its customer service goals throughout the year. The Post-Registration and Pre-Examination Offices overcame several years of rising backlogs to achieve their goals for the second year in a row. They achieved this excellent result by focusing on Intent to Use processes, by reducing the backlog of unprocessed Statements of Use and requests for extensions of time, and by paying attention to their customer service goals.

	FY 1997	Change from FY 1996
Applications received	224,355	+11.8%
Registrations	112,509	+23.2%
Trademark pendency to first action	6.4 months	+8.5%
Pendency to registration	16.9 months	+2.4%
Expenses	\$ 67.2 million	N/A*
Staff-years	598	+4.9%
* Because FY 1997 was the first year of the PTO’s cost accounting program, FY 1996 numbers are not available for comparison.		



Several factors contributed to the increase in examiner productivity, including

- Increasing performance standards for all examiners;
- Introducing new technology; and
- Reviewing the attorneys' final work product against set standards, which include production, quality, timeliness, professionalism, and attention to customer and business goals.

The Trademark business must increase examination staff and acquire additional office space to achieve its pendency goal. Fortunately, and for the first time since FY 1992, the FY 1998 budget restores staff to the levels needed to handle incoming filings.

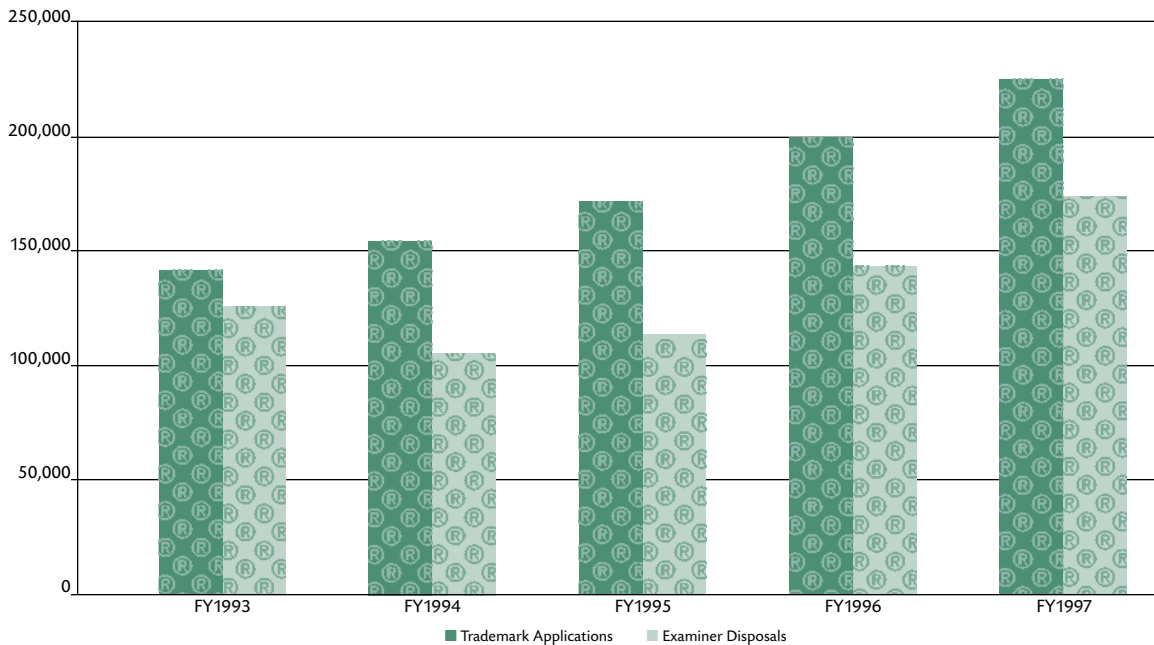
Goal Two—Transform trademark processing into a fully electronic operation in FY 2002.

The Trademark business is committed to conducting all business with its customers electronically early in

the twenty-first century. In 1997 we began implementing a number of changes to automate our trademark operations. These changes are being implemented in stages over the next several years.

- Trademark Applications Monitoring (TRAM) system—PC-TRAM allows users to view TRAM information through desktop personal computers (PCs).
- TRADEUPS—Trademark's new data entry system will allow users to create an electronic copy of the original application text rather than key entering selected data into the TRAM database. TRADEUPS is the first step toward a paperless examination process.
- Electronic Filing—In November 1997 a prototype of the Trademark Electronic Application System was made available on the PTO Web site for public view and comment. A pilot project will allow selected participants to submit their applications electronically, using the Internet, beginning in late 1997. We plan to fully implement electronic filing in FY 1999.

Trademark Applications and Production: FY 1993-1997*



* Examiner disposals reflect first examination only.

- Trademark Information System (TIS)—TIS will allow complete electronic processing and file management of applications and related materials in 2003.
- Trademark Search System—The PTO gave examining attorneys access to the system from their desktop PCs and expanded access to selected Patent and Trademark Depository Libraries. We will enhance the system further in 1999 by replacing the search system software.

Once we have fully implemented the planned process changes, the Trademark business will focus on reducing first action pendency to one month or less. We can make such improvements when we have replaced paper files with a fully integrated electronic file management system, together with electronic filing and electronic data interchange among applicants, registrants, and the PTO.

Further expanding its automation projects, the PTO implemented a pilot project in March 1997 to allow 18 trademark examiners to work at home three days

a week. The pilot is a two-year project under the National Performance Review. Examiners may complete most of their work from home by accessing search systems and manuals from a PC.

REENGINEERING

The greatest potential for Trademark performance improvement is in reengineering the current examination process to reduce cycle time. Since trademark fees, by statute, are available only for trademark purposes, the Trademark business projected that it would have sufficient funds to continue its reengineering efforts in FY 1997.

As an interim step to complete reengineering, the Trademark business has focused its efforts on projects that offer the most improvement in the near term. (A description of these near-term projects and their status may be found in the section entitled Supplemental Information.) Designated as Phase I of Trademark reengineering, these projects require Automated Information Systems development and support for implementation.³

³ The full set of Trademark reengineering plans support President Clinton's Framework for Global Electronic Commerce. These plans include: testing electronic filing using the Internet to determine requirements for future electronic filing; providing the status of applications, access to trademark information, and trademark products over the Internet; creating an option for all trademark applicants to conduct all business with the PTO electronically; allowing examiners to use e-mail to communicate with applicants; and implementing the "trademark mailbox" proposal, under which U.S. inventors could file an application with the PTO for forwarding to any country with which the United States has a "mailbox" agreement.



INFORMATION DISSEMINATION ORGANIZATIONS

“Full access by the public to, and dissemination of, patent and trademark information”

Title 35, United States Code, chapter 4

The PTO's Information Dissemination Organizations (IDO) provide worldwide access to patent and trademark information and deliver patent and trademark information products and services when, where, and in the format needed by customers. The dissemination of patent and trademark information provides for full disclosure of the invention and gives information regarding current trademarks in use by the business community. The availability of this information stimulates scientific inquiry, promotes research and innovation, and enhances public awareness of technological advances. This access is provided by the IDO's four service groups: the National Library Services Group, the Technology Services Group, the Customer Services Group, and the Public Records Services Group.

IDO's Goal—To promote awareness of, and access to, patent and trademark information.

To measure how well it achieves its goal, and to ensure its continued focus on customer needs, IDO surveyed customers for its nine key products and services. Of approximately 3,500 respondents, 84 percent of customers were either very satisfied or somewhat satisfied with key IDO products and services. In addition, overall ease of access to patent and trademark information

was also rated quite good (84 percent). IDO used preliminary data summaries in planning for FY 1999 and will use more detailed analyses of survey results for each key product to form the foundation for future program improvement strategies.

NATIONAL LIBRARY SERVICES GROUP

IDO's National Library Services Group serves customers in major metropolitan areas and regional locations by providing access to patent and trademark information products and services at the PTO's public search facilities in Arlington, Virginia, and at Patent and Trademark Depository Libraries (PTDLs) across the country.

The PTO's public search facilities provide free access to patents, pending and registered trademarks, the Trademark Applications Monitoring system, the Patent and Trademark Assignment Search Systems, and PTO CD-ROM products. We provide access to automated search systems, such as APS-Text, APS-Image, and X-Search at a low cost. In response to high public demand, the PTO expanded access to the APS-Image search system and the CD-ROM network. We also established a public training center to provide better training to customers on the X-Search and APS search systems.

The PTDL network covers all 50 states, Washington, DC, and Puerto Rico. During FY 1997 the PTDL network expanded to 81 libraries, as the Bailey Howe Library of the University of Vermont and the Engineering Library of the State University of New York at Stony Brook joined the PTDL system.

In addition to the nationwide PTDL network, the PTO has entered into formal business partnerships with

	FY 1997	Change from FY 1996
Expenses	\$ 37.5 million	N/A*
Staff-years	209	-15.0%
* Because FY 1997 was the first year of the PTO's cost accounting program, FY 1996 numbers are not available for comparison.		

libraries in Detroit, Michigan, and Sunnyvale, California. Over the past two years, these libraries became regional centers for patent and trademark information dissemination and began taking on PTO branch office responsibilities. Both sites are evolving to address the needs of their distinct client bases. In FY 1997 the PTO designated a third Partnership Library at Rice University in Houston, Texas. In recognition of this innovative partnership program to provide enhanced services to patent and trademark customers, the Secretary of Commerce presented the prestigious Hammer Award to the Sunnyvale Partnership Team as part of President Clinton's Reinventing Government Initiative.

TECHNOLOGY SERVICES GROUP

IDO's Technology Services Group serves as both information provider and developer. It offers a variety of products and services: copies of PTO databases for the information industry, on-line and electronic information products for individual users, and analysis and statistical reports of patent and trademark data to other Federal agencies and international organizations.

Our Internet publishing continued to grow as IDO explored new ways to distribute information via the

Internet. The PTO Web site (<http://www.uspto.gov>) was accessed an average of 400,000 times a month in FY 1997, and several publications this year rated the site as one of the best on the Internet.

IDO also administers two popular patent information databases, both of which may be accessed via the PTO home page. The *Acquired Immune Deficiency Syndrome (AIDS) Database*, a collection of U.S. and foreign patent documents related to AIDS, is accessed approximately 69,000 times per month. The *Patent Bibliographic Database*, providing access to more than 20 years of searchable patent bibliographic text, is accessed more than 1.6 million times a month.

The PTO uses CD-ROM technology to provide the public with patent and trademark information. PTO CD-ROMs contain searchable text, indexes, and search tools and are updated bimonthly and quarterly. In addition, the PTO produces weekly patent image CD-ROMs that provide electronic document delivery to the public, PTDs, and other intellectual property offices around the world. All CD-ROM products can be used, at no cost, in PTO public search facilities and PTDs and are sold to the public on an annual subscription basis.

Hammer Award

The Hammer Award is Vice President Al Gore's special recognition only to teams who have made significant contributions in support of the President's National Performance Review (NPR) principles. This award recognizes new standards of excellence achieved by teams helping to reinvent government.





This year IDO joined with the Government Printing Office to reproduce the PTO's CD-ROMs. As a result, patent and trademark information is disseminated throughout the United States; approximately 380 Federal Depository Libraries now receive CD-ROM collections.

CUSTOMER SERVICES GROUP

IDO's Customer Services Group answers public inquiries for general patent and trademark information at 1-800-PTO-9199 and 703-308-HELP. These public services are provided via phone, walk-in service, and general information mailings. In FY 1997 this service area experienced a 52 percent workload increase and, with the deployment of improved call center technology, served almost 800,000 customers while decreasing the average call hold time to 50 seconds. This team received the Secretary of Commerce Award for Customer Service Excellence in 1997 for its significant improvements in serving patent and trademark customers.

Customer Services expanded its 1997 *Catalog of Patent and Trademark Information Products and Services* and

developed new information brochures on Provisional Applications and the Disclosure Document Program. We also have a new sample disk, entitled *CASSIS Sampler*, which contains fully functional samples of CD-ROM offerings available from IDO's product line. We also provide informational exhibits at conferences across the country to promote the patent and trademark systems.

PUBLIC RECORDS SERVICES GROUP

The Public Records Services Group records changes in ownership of patents and trademarks, and sells both certified and uncertified copies of patent and trademark documents. Although funding reductions challenged this group's ability to meet customer cycle time requirements consistently throughout the year, the group nevertheless recorded almost 437,000 patent and trademark properties in FY 1997. This group also provided 208,000 certified copies to PTO customers, a 31 percent increase over the total for FY 1996. Worldwide, we sold more than 546,000 uncertified copies of patents, trademarks, and other PTO records.

CD-ROM Products

The Cassis series of CD-ROM products began publication in 1987 in response to the needs of the public to identify the appropriate classifications for their inventions. In the ten years since then, the series has grown to twelve products encompassing all phases of patent and trademark searching both for professionals and the general public. Over 184,000 Cassis discs were distributed worldwide in FY 1997.

INTELLECTUAL PROPERTY POLICY

“Advise the Secretary of Commerce, the President of the United States, and the Administration on . . . intellectual property.”

PTO Mission Statement

The PTO’s Corporate Offices are the policy arm that helps protect, promote, and expand intellectual property rights systems throughout the United States and abroad.

DOMESTIC ACTIVITIES

In the first session of the 105th Congress, the PTO worked closely with members of the House and Senate Judiciary Committees, as well as other members of Congress and their staffs, on a variety of legislative proposals.

In addition to the omnibus PTO reform bills discussed in the Commissioner’s letter, the following bills were introduced or acted upon in FY 1997:

Implementing Legislation for WIPO Treaties

S. 1121, the WIPO Copyright and Performances and Phonograms Treaty Implementation Act of 1997, and H.R. 2281, the WIPO Copyright Treaties Implementation Act, would implement the treaties negotiated at the WIPO Diplomatic Conference in December 1996. These treaties, which address the problems copyright holders face in the new digital environment, were transmitted by the President to the Senate on July 28, 1997, for ratification. The Commissioner testified in

support of the implementing legislation before the House Judiciary Committee’s Subcommittee on Courts and Intellectual Property on September 16, 1997.

Trademark Legislation

H.R. 567, the Madrid Protocol Implementation Act, and H.R. 1661, the Trademark Law Treaty Implementation Act, would implement treaties to provide one-stop, low-cost, efficient systems for the international registration of trademarks and to simplify and harmonize the requirements for acquiring and maintaining trademark registrations in member countries. The Administration objects to certain voting provisions in the Madrid Protocol, but continues to work with the European Community to seek a solution that would permit the United States to accede to the Protocol. H.R. 1661 passed the House on July 22, 1997. The House Judiciary Committee approved H.R. 567 on June 18, 1997.

Other Legislation Related to Intellectual Property

The PTO consulted with Congress and provided Administration testimony on many other pieces of legislation, including bills to address proposed on-line copyright liability limitations, music licensing revisions, expanded protection for plant patents, and copyright law amendments. Legislation enacted in the first session of the 105th Congress strengthens our copyright law. Public Law 105-80 (H.R. 672) provides full protection for certain pre-1978 musical recordings and makes various technical changes to copyright law. P.L. 105-147 (H.R. 2265), the No Electronic Theft Act, creates criminal penalties for willful copyright infringement that does not involve financial gain.

	FY 1997	Change from FY 1996
Corporate Expenses	\$ 8.4 million	N/A*
Staff-years	27	+8.0%
* Because FY 1997 was the first year of the PTO’s cost accounting program, FY 1996 numbers are not available for comparison.		



INTERNATIONAL ACTIVITIES

In support of efforts by the United States Trade Representative and other Administration representatives, the PTO participated in a wide variety of international negotiations and consultations to improve intellectual property rights around the world.

Wire the World Project

PTO representatives developed the U.S. proposal to help WIPO member countries take full advantage of modern information and communication technology. The project will aid the transfer of records and correspondence electronically, and will promote access to reference and operational databases by member country offices and their customer bases.

Patent Law Treaty

The PTO continued its participation in a WIPO effort to harmonize the formal requirements associated with different nations' patent applications and patents. This effort will simplify patent applicants' and holders' formal obligations and reduce their costs for obtaining and preserving their rights internationally.

Patent Cooperation Treaty (PCT)

The PCT Assembly met under the auspices of WIPO to refine amendments to the PCT regulations to correspond to PCT developments. The amendments pertain to the language of international applications, the publication of a bilingual gazette, priority claims and priority documents, fees, nucleotide and amino acid sequence listings, and electronic filing.

Visiting Scholars Program

Since 1985, the PTO has offered the Visiting Scholars Program to intellectual property officials from around the world. In 1997, 28 intellectual property professionals from 16 countries participated in two weeks of classroom and hands-on study to learn about the administration of intellectual property law, patent and trademark examination, and copyright protection as a tool for economic development.



Trilateral Patent Cooperation

The PTO continued to work with the European and Japanese patent offices to take advantage of improving information and communication technologies, and to develop patent search tools, share patent information, cooperate on search and examination, and encourage electronic filing.

Internet Domain Names

PTO trademark experts participated in an interagency group that is developing an Administration position on registering Internet domain names. PTO experts have also been involved in WIPO consultations and meetings on the international aspects of Internet domain name registration.

Visiting Scholars Program

Since 1985 the PTO has offered the Visiting Scholars Program to intellectual property officials from more than 30 foreign countries. Through two weeks of classroom and hands-on study, participants gain an understanding of the important role of intellectual property protection as a tool for economic development.

Agreements on Trade-Related Aspects of Intellectual Property (TRIPs)

PTO officials reviewed the progress developed countries have made in bringing laws into compliance

with TRIPs obligations. All developed countries were required to submit their laws and regulations governing intellectual property to the TRIPs Council in early 1996.

North American Free Trade Agreement (NAFTA)

PTO officials participated in several meetings of the U.S.-Mexico Intellectual Property (IP) Working Group to address implementation of NAFTA's IP chapter. Discussions focused on enforcement of copyright and trademark laws and on Mexico becoming a party to the International Convention for the Protection of New Varieties of Plants.

Free Trade Area of the Americas

PTO experts participated in the ongoing planning for this hemisphere-wide initiative, which may include provisions on intellectual property rights.

The Hague Agreement

Consultations have continued on drafting a new Act of the Hague Agreement Concerning the International Registration of Industrial Designs. The U.S. delegation, led by PTO experts, has moved discussions toward a system similar to the one in the United States for protecting design patents.



GENERAL AND ADMINISTRATIVE OFFICES

“The administration of the Patent and Trademark Office”

Title 35, United States Code, chapter 1

The PTO’s General and Administrative offices support the PTO’s business areas and its policy experts.

OUR PEOPLE

Our employees are the foundation of the PTO. They need to have the proper skills, have access to the best automated systems, and receive the best direction if they are to do their best, for themselves as well as for the PTO.

The Office of Human Resources (OHR) is responsible for ensuring that we have the number of qualified employees with the requisite knowledge and skills to meet PTO mission objectives. As the PTO transforms itself into a twenty-first century workplace, OHR will ensure that human resource systems are aligned with our vision, business strategies, and core competencies.

Reengineering efforts in the PTO’s three business areas indicate a need for changes in OHR’s operations to directly support new reengineered systems. OHR’s report on its own initial reengineering efforts,

Transforming Human Resources, published in March 1997, makes a strong case for OHR working jointly with the Office of Civil Rights and the Office of Public Affairs to create a new human resource management system. The proposed system would support organizational change and promote the competitive advantage essential in a high-performance organization. OHR completed work on the new system’s first two phases, effective workforce staffing and career enhancement, in late January and has begun work on the other four phases.

Human Resources Automation—Human Resource Information System (HRIS)

Successfully integrating OHR’s diverse and independent databases into a shared database is vital to our reengineering plans. HRIS will offer the PTO’s business units the ability to receive HR services through alternative methods and will permit the decentralization of HR functions, outsourcing, and team-based systems to give managers greater flexibility to adapt their offices to their changing needs.

On-site Review

The Office of Personnel Management (OPM) completed its onsite review of OHR in March 1997 with very positive results. OPM found OHR a well-run organization with well-trained professional staff and found that OHR systems struck a balance between day-to-day operational issues and transformational twenty-first century activities. OHR’s Workforce Effectiveness Division received OPM’s special recognition for having no deficiencies.

	FY 1997
General and Administration Expenses*	\$ 70.4 million
Staff-years	506
* These figures illustrate the expenses and personnel associated with PTO administration. They are not in addition to the expenses and numbers of personnel shown for the business areas of the PTO and they are included in the businesses’ expense and personnel figures shown in each business section.	

Workfare Achievement Development Center (WADC)

The PTO responded to President Clinton's Welfare to Work initiative with a three-pronged approach reflecting our commitment to hire; commitment to train and develop; and commitment to partner with PTO contractors to hire and train from this applicant source. The WADC program was established in July to provide participants with the skills necessary to attain life-long economic self-sufficiency. We successfully piloted this unique curriculum during the last quarter of FY 1997, giving 20 trainees an overall orientation to the PTO, technical training, and life skills management techniques. The PTO subsequently hired five, and three were successfully referred to a PTO contractor. The program also featured a training component for supervisors and mentors. OHR plans to begin offering the WADC program to other Federal entities via a reimbursable agreement during the second quarter of FY 1998.

PTO University

The PTO University (PTO-U), founded in 1994, continues to provide quality instruction to PTO employees. PTO-U is dedicated to providing life-long learning opportunities for employees to enhance professional career growth and contribute to the PTO's competitive place in the global economy.

Graduates report that their participation in PTO-U has led them to new job and career opportunities within the agency.

PTO-U is attracting attention outside the PTO. The Defense Intelligence Agency and the National Aeronautics and Space Administration are following PTO-U's

PTO-U	FY 1997	FY 1996
Enrollment	573	537
Registrations	1,528	1,344
Matriculations to date	110	

lead in establishing their own advanced learning centers. Several private industry organizations are examining PTO-U as a model for their own operations.

Community Service

The PTO continued its drive to become a good corporate citizen. Fifty summer interns represented three student organizations: the National Association for Equal Opportunity in Education, the Hispanic Association of Colleges and Universities, and the American Indian Science and Engineering Society.

The PTO also piloted a student employment program. The program focused on placing college students and former interns as summer interns at the PTO and at the PTDLs throughout the United States.

Quality of Work-Life

Following the successful 1996 opening of our self-funded fitness center, in FY 1997 the PTO began developing a wellness program. The program focuses on postural screening, nutrition, stress reduction, and weight management.

In September 1997 the Office of Human Resources held its second annual Child Care Fair Seminar to offer PTO employees the latest information on Emergency Caregivers, Day Care Providers/Centers, and Fitness for Kids. Other presentations provided information on Latchkey Children, Balancing Work and Family Life, and Maternity/Paternity Leave.

MANAGING RESOURCES

This past year we improved the way we manage the PTO's resources. We used a streamlined procurement process to procure five large contracts, and we found that processing time dropped by more than 55 percent, administrative costs went down, and customers were more satisfied with the vendor chosen. In FY 1998 we will use the new process for most new contracts over \$100,000.



We worked hard to improve our property management system, which the Office of Inspector General had previously identified as a material weakness. Responding to this finding, we developed and began implementing new property management procedures.

We continued to integrate our planning, budget, and evaluation processes, and we designed and submitted an integrated planning/budget document, the PTO Corporate Plan, in place of the standard budget submission. We presented resources by business line rather than by budget activity and line item, which allows us to link the goals, objectives, and planned activities for the three PTO businesses—Patents, Trademarks, and Information Dissemination—with the PTO’s mission and strategic goals.

Space 2000

The PTO’s leases on our office space are expiring, and we are required by Federal law to conduct competitive bidding on new leases for our office space. The process continued in FY 1997, with four offerors and sites selected for final bidding. The four sites are all located within a few miles of the PTO’s current location, with the PTO’s current site one of the finalists. The deadline for final offers was February 1998, with lease award in October 1998.

Resource Management Automation

We increased our use of automation to improve the PTO’s resource management:

- Revenue Accounting and Management (RAM) System—RAM was on-line and fully functional in



June 1997. Replacing the Cash Receipts/Deposit Account system, RAM ensures continued compliance with Federal requirements for automated financial systems.

- Program Office Desktop (POD)—POD will be used as the main planning, budgeting, spending, and data entry tool. In FY 1997 POD was installed for a limited number of users, and we began a pilot session for the Office of Finance.
- Executive Information System (EIS)—EIS provides its users with access to corporate-wide information for strategic decision making and planning.
- Data Warehouse—The data warehouse provides information to PTO managers and analysts for analysis and support in decision-making. We will continue to implement this project over the next five years.

PUBLIC AFFAIRS

The PTO's Office of Public Affairs continued to expand its outreach and informational efforts. Efforts in FY 1997 included:

Mind Matters '97

Designed as a celebration of American invention and creativity, this exhibition combined aspects of the former Trademark and Inventors Expos. We expanded the event to place more emphasis on corporate innovation. Like its predecessors, Mind Matters '97 sought to educate the public about the importance of patent, trademark, and copyright protection. The PTO, the U.S. Copyright Office, and Intellectual Property Owners, Inc. jointly sponsored the three-day event.

Three Part Harmony

The "Three Part Harmony: Patents, Trademarks, and Copyrights in a Musical World" exhibition showcased American musical inventions, including music boxes, phonographs, compact discs, the electronic music synthesizer, a Wurlitzer jukebox, and numerous other musical instruments. The exhibition opened in the Patent and Trademark Museum in July 1997.

The Patent and Trademark Museum is a unique resource that reflects America's progress of the useful arts and the intellectual property system. The museum is accessible to all and provides an opportunity for visitors to broaden their knowledge about the products they use and encounter daily.





The Patent and Trademark Museum

In its third year of operation, the museum has played host to thousands of visitors from all over the United States and numerous foreign countries. During FY 1997 two special exhibits were featured in the museum—"Art of the Toy" and "Three Part Harmony: Patents, Trademarks, and Copyrights in a Musical World." The "Art of the Toy" exhibition focused on the history of patents and trademarks in the development of America's toy industry and the creation of childhood memories. The "Three Part Harmony" exhibition showcased American musical inventions, including music boxes, phonographs, compact discs, the electronic music synthesizer, a Wurlitzer jukebox, and numerous musical instruments.

The Ronald H. Brown American Innovator Award

The Ronald H. Brown American Innovator Award recognizes today's heroes of invention. Receiving the award in 1997 were: Dr. Robert W. Bower, inventor of the field-effect transistor with insulated gate, or MOS-FET, Dr. Mark Dean and Mr. Dennis Moeller, inventors of the system to control microcomputer peripheral devices through a bus, and Dr. Robert H. Dennard, who invented the single chip dynamic random access memory, known as DRAM.

Project XL

We continued to encourage student ingenuity and creativity through Project XL, the PTO's educational outreach program. The PTO also works with the National Inventive Thinking Association and the U.S. Copyright Office to promote the popular Young Inventors and Creators Program.

National Inventors Hall of Fame

The PTO works with and supports the National Inventors Hall of Fame at Inventure Place in Akron, Ohio. The PTO provided support for the annual induction ceremony and loaned Inventure Place more than 50 patent models, which will be on display in Akron through 1998.

Inventors Expo

Ninety-seven independent American inventors participated in this three-day event and conference, which was hosted by DisneyWorld and co-sponsored by Intellectual Property Owners, Inc.

Consumer Education

The PTO, together with the Federal Trade Commission (FTC) and the Justice Department, launched Operation Mousetrap, a national public awareness campaign on the dangers of invention development companies. The PTO and the FTC are providing national distribution for a brochure developed in conjunction with the campaign.

Ronald H. Brown American/ Innovator Award

Inventors are heroes. At one time, they were also icons with household names: Edison, Bell, McCormick, and Marconi. Today's innovators possess the same vision as their predecessors, but their names are seldom known even when their inventions are widely appreciated.

The Department of Commerce and the Patent and Trademark Office established the American Innovator Award in 1995 to recognize today's heroes of invention. Last year, the Award was renamed in memory of the late Secretary of Commerce Ronald H. Brown, who made the establishment of this honor possible. The American Innovator Award will stand as a lasting tribute to his leadership and his enthusiastic support of the American intellectual property system.





PTO Community Day



The Patent and Trademark Office (PTO) celebrated its Second Annual Community Day on August 7, 1997. Community Day commemorates the tenet that inclusion means all cultures. This event, sponsored by the Office of Civil Rights, provides PTO employees and PTO's Crystal City neighbors an opportunity to learn more about the agency, its employees and what it has to offer.



The 1997 theme was "Shades of the Same Rainbow." Thousands of participants gathered in the Crystal Mall Park to see African, Korean, Hispanic, Irish, and Native American cultural performances; to see a fashion show expo; to visit more than 40 exhibits; to sample delectable dishes from around-the-world; and to learn more about the PTO.



GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)

The PTO continues to move forward with early implementation of GPRA, the primary legislative framework through which Federal agencies will be required to establish strategic goals, measure their performance, and report on how well they have met their goals.

The PTO is developing and implementing a strong performance measurement system that will support our mission and strategy, enhance our focus on our cus-

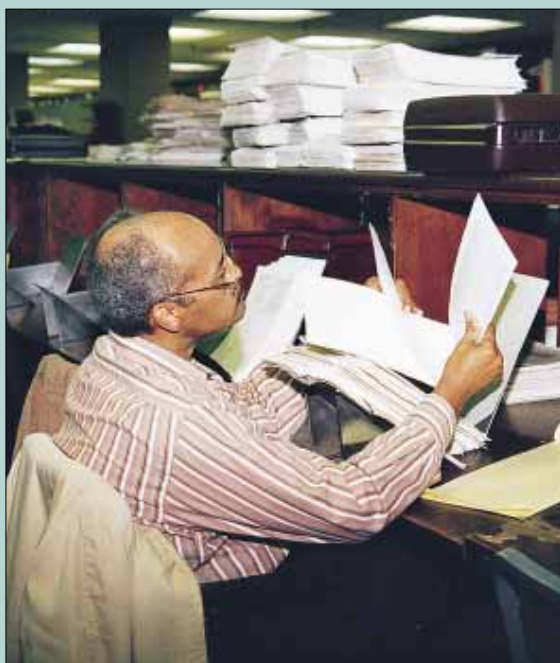
tomers, and provide the measures we need to help us continuously improve our products and services. The PTO's FY 1998 annual review will compare the goals we've set for ourselves against our actual performance.

The tables included on the pages that follow summarize the PTO's GPRA performance goals, measures, and indicators for each of its three major business areas as well as for the executive, or policy, area.

Patent Searches

Many inventors perform patent searches to make sure that their idea has not been patented. They do this, or hire someone to do it for them, at the Public Search Room of the Patent and Trademark Office in Arlington, Virginia. The Public Search Room is open to the public from 8 a.m. to 8 p.m., Monday through Friday, except for holidays.

A Patent and Trademark Depository Library Program system has been established throughout the country for researchers to examine collections of patents using computerized search tools.





PATENT BUSINESS

The Patent business established the following measures to track progress toward achieving our performance goal. We aim, through these performance

improvements, to provide our patent customers with the highest level of quality and service.

Performance Goal: Grant exclusive rights, for limited times, to inventors for their discoveries.	Baseline	FY 1999 Target
Effectiveness Measures		
<ul style="list-style-type: none"> Number of original inventions* filed Number of UPR applications filed 	158,427 119,116	201,300 243,000
Customer Satisfaction Measure		
<ul style="list-style-type: none"> Overall percentage of customer satisfaction 	50%	65%
Employee Satisfaction Measure		
<ul style="list-style-type: none"> Overall percentage of satisfaction from culture survey 	41%	70%
Productivity Measure		
<ul style="list-style-type: none"> Number of weighted applications disposed (per examiner FTE) 	87.2	89.4
Efficiency Measure		
<ul style="list-style-type: none"> Workload cost indicator—unit cost of weighted applications disposed** 	\$2,497.58	\$2,496.35
Quantity Measures		
<ul style="list-style-type: none"> Number of total applications (UPR) disposed per year (includes SIRs) Number of UPR patents issued per year 	180,196 105,529	218,700 144,971
Quality of Output Measures—Quality of the process		
<ul style="list-style-type: none"> Cycle time of original inventions* processed (average months) Percentage of original inventions* achieving 12-month or less cycle time 	14.6 47	13.8 75

* Original inventions exclude Rule 60 and 62 continuations and requests for continuing prosecution under Rule 129.

** Baseline measures are derived from FY 1996 actual performance results except for the workload cost indicator estimates, which are based on preliminary Activity Based Costing models of FY 1997 actual cost accounting data.

TRADEMARK BUSINESS

The Trademark business established the following performance measures to assess its progress in achieving its goals. Where results do not appear to influence the

PTO or Trademark Business Area goals directly, the measures will be redefined to match business goals and objectives more closely.

Performance Goal: Enhance trademark protection.	Baseline	FY 1999 Target
Effectiveness Measure		
<ul style="list-style-type: none"> Trademark Applications Filed—classes 	200,640	264,000
Productivity Measure		
<ul style="list-style-type: none"> Disposals per FTE (including contractors) 	221	204
Efficiency Measure		
<ul style="list-style-type: none"> Workload cost indicator—unit cost per disposal* 	\$385.20	\$402.25
Quality of Output Measures		
<ul style="list-style-type: none"> Actual Pendency to first action (months) Actual Pendency to disposal/registration (months) 	5.9 16.5	3.9 15.5
Customer Satisfaction Measure		
<ul style="list-style-type: none"> Overall percentage of customer satisfaction 	64%	80%
Employee Satisfaction Measure		
<ul style="list-style-type: none"> Overall percentage of employee satisfaction 	42%	75%
* Baseline measures are derived from FY 1996 actual performance results except for the workload cost indicator estimates, which are based on preliminary Activity Based Costing models of FY 1997 actual cost accounting data.		



INFORMATION DISSEMINATION BUSINESS

The Information Dissemination business is committed to evaluating the performance of all new and existing programs in order to improve our performance. All programs will be monitored continuously to assess

their effectiveness. We will also review the process we use to collect and manage performance data to determine if we can improve data reliability, collection, and access.

Performance Goal: Promote awareness of, and access to, patent and trademark information.	Baseline	FY 1999 Target
Quality Measure		
<ul style="list-style-type: none"> Timeliness—percentage of key products and services meeting schedules or cycle time standards 	63%	80%
Efficiency Measure		
<ul style="list-style-type: none"> Workload cost indicator—unit cost of key products* 	\$8.97	\$9.07
Effectiveness Measures		
<ul style="list-style-type: none"> Customer evaluation of ease of access—the overall level of customer satisfaction with ease of accessing patent and trademark information products and services as determined by responses to a customer satisfaction survey 	84%	90%
<ul style="list-style-type: none"> Metropolitan areas served by Patent and Trademark Depository Libraries—percentage of top 100 most populated areas served by PTDLs 	55%	58%
Customer Satisfaction Measure		
<ul style="list-style-type: none"> Overall percentage of customer satisfaction with key products and services as determined by responses to a customer satisfaction survey 	84%	90%
Employee Satisfaction Measure		
<ul style="list-style-type: none"> Overall percentage of employee satisfaction as measured by Office-wide culture survey 	54%	65%
<small>* Baseline measures are derived from FY 1996 actual performance results except for the workload cost indicator estimates, which are based on preliminary Activity Based Costing models of FY 1997 actual cost accounting data.</small>		

POLICY AREA

The PTO’s Policy Area specialists are instrumental in carrying out the PTO’s strategic goal to play a leadership role in intellectual property rights policy as well as the area’s performance goal. The PTO’s Policy Area aims to have a competitive America in the global

marketplace, a strong and unimpeded economic infrastructure, and effective management and stewardship of intellectual property rights that contribute to sustainable economic opportunities.

Performance Goal: Help protect, promote, and expand intellectual property rights systems throughout the United States and abroad.	Baseline	FY 1999 Target
Effectiveness Measures		
<ul style="list-style-type: none"> Number of countries provided technical assistance 	47	52
<ul style="list-style-type: none"> Number of technical assistance activities completed 	59	64