

ANNUAL PERFORMANCE PLAN

USPTO Vision

The USPTO will lead the way in creating a quality-focused, highly productive, responsive organization supporting a market-driven intellectual property system for the 21st Century.

Mission Statement

The USPTO mission is to ensure that the intellectual property system contributes to a strong global economy, encourages investment in innovation, and fosters entrepreneurial spirit.

For over 200 years, the basic role of the USPTO has remained the same — to promote the progress of science and the useful arts by securing, for limited times to inventors, the exclusive rights to their respective discoveries (Article 1, Section 8 of the United States Constitution). American industry has flourished under this system of protection as new products have been invented; new uses for inventions have been discovered; and employment opportunities have been created for millions of Americans.

Patents and trademarks have long protected American creativity and ingenuity. The first patent was issued in 1790 for a method of making potash fertilizer and the oldest active trademark was originally registered in 1884 for SAMSON, a design for “cords, lines, and ropes”. The strength and vitality of our economy depends directly on effective mechanisms that protect new ideas and investments in innovation and creativity. The continued demand for patents and trademarks underscores the ingenuity of U.S. inventors and entrepreneurs. The USPTO is at the cutting edge of our Nation’s technological progress and achievement.

Today, patent application filings have increased dramatically throughout the world. There are an estimated 11 million pending applications in the world’s examination pipeline. At the USPTO, the number of patent and trademark applications has doubled since the early 1990s. Technology has become increasingly complex, and demands from customers for higher quality products and services have escalated.

In response to this global phenomenon, the USPTO issued *The 21st Century Strategic Plan* to transform itself into a quality-focused, highly productive, responsive organization supporting a market-driven intellectual property system. The Plan is aggressive and far-reaching, and takes a global perspective by envisioning the patent and trademark systems of the future that American innovators would need to remain competitive around the world. It is built on the premise that American innovators want to obtain enforceable intellectual property rights here and abroad as seamlessly and cost-effectively as possible. It emphasizes the opportunity for the USPTO to collaborate with intellectual property organizations in automation, global patent classification, and exploitation of search results. Finally, the plan is predicated on changes to the way all players in the intellectual property system do business with the USPTO and the way USPTO employees respond.

President’s Management Agenda

The President has established a bold strategy to improve the Federal government's management and performance by calling on Federal agencies to focus on and solve certain critical problems. The

information below provides the USPTO's assessment of the five government-wide initiatives described in the President's Management Agenda.

Human Capital: We are providing the tools and the resources to ensure that the USPTO has a highly qualified, certified, knowledge-based, and accountable workforce. The USPTO's *21st Century Strategic Plan*, together with the *USPTO Strategic Workforce/Restructure Plan* lay out an explicit workforce planning strategy that is linked to the Agency's strategic and program planning efforts. The Agency has projected its current and future human capital needs, including the: size of the workforce; deployment across the organization; and key competencies needed to fulfill its mission and strategic goals. *The 21st Century Strategic Plan* and the *USPTO Strategic Workforce/Restructure Plan* demonstrate that the USPTO is focused on building competencies in response to customer demands for enhanced quality, and that the Agency is leveraging competitive sourcing and e-Government to better manage time devoted to examination of patent and trademark applications. The strategic plan also views workforce planning from an international perspective, and how work sharing can have an impact on human capital planning and management. In addition, the USPTO's current organizational structure supports decision-making at the lowest appropriate level. In the core mission units — the Patent and Trademark organizations — only one layer of management exists between the Senior Executive Service level and the patent examiner or trademark examining attorney. Primary patent examiners and trademark attorneys have full signatory authority to grant patents and register trademarks on behalf of the U.S. without further supervisory review.

Competitive Sourcing: The USPTO is committed to achieving performance enhancements and cost-savings through competitive sourcing. In this regard, we have already outsourced many functions that other agencies are just beginning to consider for outsourcing, such as, payroll, mail processing/handling, clerical support, data transcription, systems maintenance and development, help desk support, etc. In particular, service contracts have presented an excellent opportunity to help us deal with fluctuating workloads and minimize the impact on our employees as the Agency transitions to a fully electronic workplace. Currently, approximately 39 percent of the USPTO's total workforce consists of contract personnel working either onsite or offsite at contractor facilities. *The 21st Century Strategic Plan* offers new approaches for performing work that is currently accomplished by Federal employees. While preserving the inherently governmental responsibilities for examination, the USPTO is committed to increasing patent examiner output by relying on commercial entities for conducting prior art searches, classifying patent documents, and performing administrative reviews associated with the examination process. All decisions regarding patentability will remain the responsibility of patent examiners who are USPTO employees.

Improved Financial Management: The USPTO is in compliance with all Federal accounting principles and standards and has encountered no instances of material weaknesses in internal controls or non-compliance with Federal accounting regulations. The USPTO will continue to maintain and strengthen its internal controls and improve the timeliness and usefulness of its financial management information. Fiscal year 2003 marked the 11th consecutive year of an unqualified audit opinion and seventh consecutive year with no material weaknesses. The USPTO has a strong, fully integrated financial management system and uses a data warehouse to accommodate both financial and operational data. The data warehouse is used by managers for analyzing financial results and performance and by Supervisory Patent Examiners for managing patent processing timeframes. The USPTO also operates a mature Activity Based Cost Accounting (ABC) system that captures costs of core mission activities and both direct and indirect costs for the

entire USPTO. Managers use data from the ABC system to analyze the cost of operations when making decisions regarding improving processes, setting fees, or developing budget requirements.

E-Government: The USPTO is accelerating deployment of critical automated information systems, particularly the electronic end-to-end processing of patent and trademark applications. In addition, the USPTO is currently working on ways to improve delivery schedules, reliability, performance, security and monitoring the cost of its automated information systems. The USPTO will implement the Trademark Information System (TIS), a Trademark electronic file management system in fiscal year 2004. This completes a twelve-year effort to provide an end-to-end fully electronic Trademark processing environment. The USPTO is on target to deliver an operating pipeline to process patent applications electronically in October 2004. At the center of the patent e-Government strategy is the European Patent Office ePHOENIX system. This collaboration will help to achieve common goals and share systems already in use or in development. The system implemented in 2004 will be an image file wrapper (IFW) that includes an electronic image of all incoming and outgoing paper documents.

The USPTO chooses IT projects that best support its mission and comply with its enterprise architecture. Individual projects are evaluated in the broader context of technical alignment with other IT systems as well as the investment's impact to the USPTO IT portfolio's performance, as measured by cost, benefit, and risk. As part of the Capital Planning and Investment Control process, the USPTO prioritizes each investment and decides which projects will be funded in subsequent fiscal years. Once selected, each project is managed and monitored consistently throughout its life cycle. At key milestone dates, progress reviews are conducted to compare the project's status to planned benefit, cost, schedule, and technical efficiency and effectiveness measures. All major information technology (IT) system investments are included in Exhibit 53 and 82 percent of fiscal year 2005 planned IT investments have business cases in Exhibit 300 format.

Budget/Performance Integration: The USPTO develops an annual corporate plan that integrates the performance plan and budget so that program activities and new initiatives are aligned with outputs and targeted results. Budget resources are allocated to the programs based on the requirements identified for achieving organizational goals and forecasted incoming workload. Resource allocations are modified as workload projections and fee income change. *The 21st Century Strategic Plan* is a five-year plan with identified critical tasks designed to provide the USPTO and external organizations (e.g., Administration, OMB, Congress, other stakeholders) with a long-term vision of agency goals, potential funding levels, and planned outcomes. The USPTO allocates budget resources to the programs consistently adhering to the concept of linking resources to achieving both enterprise-wide strategic goals and individual unit performance targets.

Management Priorities and Challenges

- ***Multilateral and Bilateral Agreements*** — To streamline the intellectual property system and protections, the USPTO must consult with, and receive the support of, other intellectual property offices in structuring new bilateral and multilateral initiatives and agreements. Reaching bilateral and multilateral agreements is requiring all sides to openly communicate and compromise toward a more global convergence of patent and trademark standards.
- ***Legislation/Rules*** — The USPTO is proposing legislative and regulatory changes to current patent and trademark laws, particularly legislation to restructure the fee schedule and

thereby enable full implementation of the strategic plan. The passage of these changes, including new fees and fee restructuring, is essential and critical to full implementation of the Strategic Plan.

- **Labor Relations** — The strategic plan introduces a large number of changes to current work processes and procedures. The USPTO is notifying the three bargaining units representing USPTO employees of the proposed changes and negotiating, where necessary, on any changes in working conditions.
- **Funding** — Sufficient and sustained funding over the five-year lifecycle of the strategic plan is essential. Without this, the USPTO will not be able to make critical investments in resources and technology necessary for enhancing quality, developing and/or acquiring automated systems to move to a fully electronic operating environment, and improving pendency.
- **Space Consolidation: Move to Headquarters in Alexandria, Virginia** — During fiscal year 2005, the USPTO will continue to relocate its employees to the Alexandria, Virginia, headquarters. The USPTO has identified and planned for the numerous logistical and operational challenges inherent in a space consolidation move of this size. The Agency is ensuring that we minimize any adverse effects the move might have on employees, applicants and the public. Dual operations, such as operating dual computer facilities and human resources support, will be required during the relocation because the space to house these operations will be delivered over a protracted period of time. In the long-term, the USPTO will benefit from a facility with operational efficiencies, improved allocation of space to accommodate the USPTO's growing and changing workplace, and an advantageous 20-year rental rate. This consolidation is expected to save \$72 million over the 20-year lease term.

Strategic Themes and Performance

In response to the Government Performance and Results Act (GPRA), the USPTO prepares a strategic plan, an annual performance plan, and an annual performance report. In June 2002, the USPTO issued *The 21st Century Strategic Plan* that is a far-reaching and aggressive plan designed to transform the USPTO into an organization that is responsive to the global economy in which it operates. In response to stakeholder input, the strategic plan was updated and re-released in February 2003. When the strategic plan is fully implemented, market forces will drive the USPTO's business model, geography and time will be irrelevant when doing business with the Agency, products and services will be tailored to customer needs, and examination will be our core expertise. The strategic plan is centered on three strategic themes, as discussed below:

1. **Agility: Address the 21st Century Economy by Becoming a More Agile Organization** — We will create a flexible organization and work processes that can handle the increasing expectations of our markets, the growing complexity and volume of our work, and the globalization that characterize the 21st century economy. We will work, both bilaterally and multilaterally, with our partners to create a stronger, better-coordinated and more streamlined framework for protecting intellectual property around the world. We will transform the USPTO workplace by radically reducing labor-intensive paper processing.

2. **Capability: Enhance Quality through Workforce and Process Improvements** — We will make patent and trademark quality our highest priority by emphasizing quality in every component of this strategic plan. Through the timely issuance of high-quality patents and trademarks, we will respond to market forces by promoting advances in technology, expanding business opportunities and creating jobs.
3. **Productivity: Accelerate Processing Times Through Focused Examination** — We will control patent and trademark pendency, reduce time to first Office action, and recover our investments in people, processes and technology.

The USPTO has developed supporting performance goals and measures to implement our strategic themes. Two of the strategic themes — *Agility* and *Productivity* — have a direct relationship with the performance goals, while one crosscutting strategic theme — *Capability* — spans all performance goals.

The *Agility* theme is cross-walked to the third performance goal listed below and incorporates ongoing initiatives in e-Government and collaboration with our intellectual property partners worldwide. As a first priority, the USPTO has made electronic end-to-end processing of both patents and trademarks the centerpiece of its business model by deploying critical automated information systems. In addition, the USPTO is working currently on ways to improve delivery schedules, reliability, performance, security and monitoring the cost of all our automated information systems. Further, the USPTO is enhancing existing and establishing new alliances with our friends in other national and international intellectual property organizations to strengthen intellectual property rights around the world.

The *Capability* theme crosses all performance goals, emphasizes the quality and process improvement element in the USPTO, and permeates throughout all our activities and operations. Quality will be assured throughout the process by hiring the people who make the best patent and trademark examiners, certifying their knowledge and competencies throughout their careers at the USPTO, and focusing on quality throughout the examination of patent and trademark applications.

The *Productivity* theme is cross-walked to the first and second performance goals listed below and addresses the planned decrease in Patent and Trademark pendency as measured by the average first action pendency and the average total pendency.

The goals and measures are presented below.

Performance Goal 1 — *Improve the quality of patent products and services and optimize patent processing time.*

Capability measures

- Patent Allowance Error Rate
- Patent In-process Reviews Error Rate
- Patent Examiner Certification
- Patent Examiner Re-certification

Productivity measures

- Average Patent First Action Pendency
- Average Patent Total Pendency

- Patent Productivity
- Patent Efficiency

Performance Goal 2— *Improve the quality of trademark products and services and optimize trademark processing time.*

Capability measures

- Trademark Final Action Deficiency Rate
- Trademark In-Process Reviews Deficiency Rate

Productivity measures

- Average Trademark First Action Pendency
- Average Trademark Total Pendency
- Trademark Productivity
- Trademark Efficiency

Performance Goal 3— *Create a more flexible organization through transitioning patent and trademark applications to e-Government operations and participating in intellectual property development worldwide.*

Agility measures

- Patent Applications Filed Electronically
- Patent Applications Managed Electronically
- Trademark Applications Filed Electronically
- Trademark Applications Managed Electronically

FY 2005 Performance Measures

Performance Goal 1: Improve the quality of patent products and services and optimize patent processing time.

Corresponding Strategic Goal

DOC Strategic Goal 2: Foster Science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science.

Measure: Patent Allowance Error Rate

This measure assesses product quality as measured by the internal quality review processes. The quality of patent examination decisions will be measured by the reopening rate or similar internal quality measures.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	4.0%	5.5%	5.0%	4.0%	4.0%	3.75%
Actual	6.6%	5.4%	4.2%	4.4%		

Measure: Patent In-process Reviews Error Rate

This is a new measure that will assess product quality measured by the internal quality review processes.

The USPTO is expanding the current patent in-process review program to check the quality of the work product during all stages of examination, from first action to issue or abandonment. The results of these reviews will be used as part of a continuous quality improvement program to identify problem areas and determine appropriate training needs or other corrective actions. Fiscal year 2004 data will be used to establish the baseline and develop the long-term target and annual goals.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	N/A	Baseline	TBD
Actual	N/A	N/A	N/A	N/A		

Measure: Patent Examiner Certification

Currently, patent examiners are not required to complete a formal program for certification of their legal competency when promoted to the GS-13 level. The USPTO is implementing a specific program to ensure that GS-12 examiners have acquired the requisite legal and negotiation skills prior to promotion to the GS-13 level. This is a new measure supporting the strategic plan. As a result, fiscal year 2004 data will be used to establish the baseline and develop the long-term target and annual goals.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	N/A	Baseline	TBD
Actual	N/A	N/A	N/A	N/A		

Measure: Patent Examiner Re-certification

Primary patent examiners should maintain the necessary knowledge, skills, and abilities (KSAs) in current patent law, practice, and procedure. Similar to continuing legal education requirements, regular training will be provided to ensure that primary examiners maintain the necessary KSAs. Upon completion of the training, primary examiners will be required to take a number of tests to demonstrate that they have grasped the content of the training. This is a new measure supporting the strategic plan. As a result, fiscal year 2004 data will be used to establish the baseline and develop the long-term target and annual goals.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	N/A	Baseline	TBD
Actual	N/A	N/A	N/A	N/A		

Measure: Average First Action Pendency

This measure determines the timeliness of first office actions on patent applications. It measures the time from the application filing date to the date of mailing the first office actions.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target (months)	14.2	13.9	16.4	18.4	20.2	21.1
Actual (months)	13.6	14.4	16.7	18.3		

Measure: Average Total Pendency

This measure identifies the timeliness related to issuance of the patent or abandonment of the application. It measures the average time from the application filing date to the date of issue or abandonment.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target (months)	26.2	26.2	26.1	27.7	29.8	31.1
Actual (months)	25.0	24.7	24.0	26.7		

Measure: Efficiency

This measure is a relative indicator of the efficiency of the patent process. The measure is calculated by dividing total USPTO expenses associated with the examination and processing of patents (including associated overhead and support expenses) by outputs (production units). It should be noted that this measure does not represent the average life cycle cost of a patent since production units are only one measure of USPTO products and services.

For the prior years, actuals will be reported using the actual expenses reported in the Statements of Net Cost and all actual production units. For the current and budget years, targets are estimated using the budgetary request in place of actual expenses, and all projected production units. It should be noted that outyear calculations are subject to change, depending upon the level of funding actually authorized and spent. Actual results may fluctuate based upon management decisions to redirect resources.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	\$3,444	\$3,502	\$4,052
Actual	\$2,917	\$3,210	\$3,376	\$3,329		

Measure: Productivity

This measure focuses on the ratio of outputs to labor inputs. The total number of patent production units will be divided by the applicable allocated patent labor hours, including contractors.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	N/A	Baseline	TBD
Actual	N/A	N/A	N/A	N/A		

Performance Goal 2: Improve the quality of trademark products and services and optimize trademark processing time.

Corresponding Strategic Goal

DOC Strategic Goal 2: Foster Science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science.

Measure: Trademark Final Action Deficiency Rate

This measure assesses examination quality as measured by the internal quality review of final office actions. The Quality of trademark examination decisions will be measured by the deficiency rate captured by the inappropriate statutory bases for which the examiner refuses marks for registration in the final office action. Prior to fiscal year 2003, the reported deficiency error rate did not include inappropriate refusals made on the basis of 15 USC § 1052(d) — Likelihood of Confusion. Fiscal year 2003 actual and targets for fiscal years 2004 and 2005 have incorporated this type of error to ensure that all statutory bases are covered.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	3.6%	6.0%	5.0%	Baseline	5.0%	4.5%
Actual	3.4%	3.1%	4.3%	5.3%		

Measure: Trademark In-Process Reviews Deficiency Rate

This is a new measure that will assess product quality measured by the in-process quality review of first office actions. The quality of trademark examination decisions will be measured by the deficiency rate of examiner work product as determined by inappropriate statutory bases for which the examiner refuses marks for registration in the first office action. The results of these reviews will be used as part of a continuous quality improvement program to identify inappropriate statutory bases and determine training needs and other corrective actions. Fiscal year 2004 data will be used to establish the baseline and develop long-term target and annual goals.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	N/A	Baseline	TBD
Actual	N/A	N/A	N/A	N/A		

Measure: Average First Action Pendency

This measure determines the timeliness of Trademark first office actions. It measures the time from the application filing date to the date of mailing the first office actions.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target (months)	4.5	6.6	3.0	3.0	5.4	5.8
Actual (months)	5.7	2.7	4.3	5.4		

Measure: Average Total Pendency

This measure identifies the timeliness related to office disposals. It measures the average time from the application filing date to the date of registration, notice of allowance, or abandonment.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target (months)	18.0	18.0	16.0	15.5	21.6	23.5
Actual (months)	17.3	17.8	19.9	19.8		

Measure: Efficiency

This measure is a relative indicator of the efficiency of the trademark process. The measure is calculated by dividing total USPTO expenses associated with the examination and processing of trademarks (including associated overhead and support expenses) by outputs (disposals). It should be noted that this measure does not represent the average life cycle cost of a trademark since production units are only one measure of USPTO products and services.

For the prior years, actuals will be reported using the actual expenses reported in the Statements of Net Cost and all actual production units. For the current and budget years, targets will be estimated using the budgetary request in place of actual expenses, and all projected production units. It should be noted that outyear calculations are subject to change, depending upon the level of funding actually authorized and spent. Actual results may fluctuate based upon management decisions to redirect resources.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	\$683	\$583	\$701
Actual	\$568	\$501	\$487	\$433		

Measure: Productivity

This measure focuses on the ratio of outputs to labor inputs. The total number of trademark disposals will be divided by the applicable allocated trademark labor hours, including contractors.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	N/A	Baseline	TBD
Actual	N/A	N/A	N/A	N/A		

Performance Goal 3: Create a more flexible organization through transitioning patent and trademark applications to e-Government operations and participating in IP development worldwide.

Corresponding Strategic Goal

DOC Strategic Goal 2: Foster Science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science.

Measure: Patents Applications Filed Electronically

This measure indicates USPTO's support of, and applicants' willingness to operate in, an e-Government environment and will identify the percent of basic applications filed electronically.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	2.0%	2.0%	4.0%
Actual	N/A	N/A	N/A	1.3%		

Measure: Patents Applications Managed Electronically

This measure will indicate the USPTO's progress in moving toward operating in a fully electronic environment. The USPTO implemented a patent image file wrapper system that enhanced EPO's ePHOENIX system in June 2003 and will deliver an operational end-to-end electronic processing pipeline for all examined applications in image format by the end of fiscal year 2004, including electronic capture of all incoming and outgoing paper documents. The electronic pipeline capability will be delivered in phases with the goal of total integration with legacy systems and full text-based processing of all patent applications.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	N/A	70.0%	90.0%
Actual	N/A	N/A	N/A	N/A		

Measure: Trademark Applications Filed Electronically

This measure indicates the USPTO's support of and applicants' willingness to operating in an e-Government environment and will be measured by the percent of initial applications for the registration of trademark that are filed electronically. The 2003 target of 80% was predicated on enactment of legislation that would have adjusted fee amounts to encourage electronic filing.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	50.0%	80.0%	65.0%	70.0%
Actual	N/A	N/A	38.0%	57.5%		

Measure: Trademark Applications Managed Electronically

This measure will indicate the USPTO's progress in moving toward operating in a fully electronic environment. In fiscal year 2004, the USPTO will complete its transition from a paper-based

trademark operation to a fully electronic processing operation with the implementation of an electronic file management system, Trademark Information System (TIS).

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	N/A	100%	100%
Actual	N/A	N/A	N/A	N/A		

USPTO Data Validation and Verification

In accordance with GPRA requirements, the USPTO is committed to making certain that performance information reported is reliable, accurate, and consistent. To ensure the highest quality data, the USPTO has developed a strategy to validate and verify the quality of the USPTO's performance information. In this regard, the USPTO has undertaken the following:

- **Quality Reviews** — USPTO conducts ongoing reviews on the quality of patent and trademark examination. The focus of the review for patent applications is threefold: (1) identify patentability errors, (2) assess adequacy of the field of search and proper classification; and (3) assess proper examination practice and procedures. For trademark applications, the review includes four areas: (1) substantive statutory criteria for registrability, (2) search for confusingly similar marks, (3) proper examination practice and procedure; and (4) proper application of judicial precedents. The information from these reviews helps 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.
- **Accountability** — Responsibility for providing performance data lies in the Patent and Trademark organizations. The USPTO holds program managers accountable for ensuring procedures are in place regarding the accuracy of their data and that the performance measurement source is complete and reliable.

The Office of the Inspector General (OIG) also contributes 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:

- **Program evaluations** — The OIG reviewed the USPTO's performance measures included in the Department of Commerce's Annual Performance Plan (*Minor Improvements Needed in Reporting Performance Results, FSD-14429/March 2002*). The purpose of the review was to validate the measures and the data collection tools and methods. The results of the audit showed that management controls were in place and operating effectively regarding the collection, validation, and reporting of performance measures. In addition, the report stated that the USPTO was committed to developing and producing quality performance measures. Several minor recommendations were reported and have subsequently been implemented by the USPTO.
- **Financial statement audit** — During the fiscal year 2003 financial statement audit, various tests and reviews of the primary accounting system and internal controls were conducted as required by the Chief Financial Officers' Act. In their fiscal year 2003 internal control report, the auditors reported no internal control deficiencies or material deficiencies. The auditors issued an unqualified opinion on USPTO's fiscal year 2003 financial statements.

Performance Measures (Data Sources and Verification)

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions To Be Taken
Improve Quality By Reducing the Error Rate	Patent and Trademark Quality Review Reports	Daily input, annual reporting	Automated systems, reports	Manual reports and analysis.	None	None
In Process Reviews	QAS reviewers in Patents and TQR reviewers in Trademarks	Annual reporting	Automated systems, reports	Accuracy of supporting data is controlled through internal program edits in the automated database. Final test for reasonableness is performed by supervisors and program management.	None	None
Patent Examiner Certification	Certification Report	Annual reporting	Certification database	Accuracy of supporting data is controlled through internal program edits in the automated database. Final test for reasonableness is performed by supervisors and program management.	None	
Patent Examiner Re-certification	Certification Report	Annual reporting	Certification database	Accuracy of supporting data is controlled through internal program edits in the automated database. Final test for reasonableness is performed by supervisors and program managers.	None	None
Reduce Average First Action Pendency (months)	PALM and TRAM systems	Daily input; monthly reporting	PALM and TRAM, automated systems	Accuracy of supporting data is controlled through internal program edits in the PALM and TRAM systems and cross checks against other automated systems.	None	None
Reduce Average Total Pendency (monthly)	PALM and TRAM systems	Daily input, monthly reporting	PALM and TRAM, automated systems, reports	Accuracy of supporting data is controlled through internal program edits in the PALM system. Final test for reasonableness is performed internally by patent examiners and patent supervisory and program managers and examining trademark attorneys and trademark supervisory and program managers.	None	None
Efficiency	PALM, TRAM, Momentum, Metify, ABM	Daily input, annual reporting	PALM and TRAM, Data Warehouse, Metify ABM	Internal program edits in PALM, TRAM, Momentum, Metify ABM. Quality control review of Data by ABC team and Program Business Teams.	None	None
Productivity	NFC for payroll, periodic contractor reports, PALM and TRAM for disposals	Payroll – biweekly; contractor reports – monthly; PALM and TRAM – biweekly; annual reporting	Automated systems	Accuracy of supporting data is controlled through internal program edits in the PALM system and management reports. Final test for reasonableness is performed internally by patent examiners and patent supervisory and program managers and examining trademark attorneys and trademark supervisory and program managers.	None	None
Applications Filed Electronically	PALM and TRAM systems	Daily input; annual reporting	PALM and TRAM, automated systems	Accuracy of supporting data is controlled through internal program edits in the PALM and TRAM systems, and cross checks against other automated systems.		
Applications Managed Electronically	PALM and TRAM systems	Daily input; annual reporting	PALM and TRAM, automated systems	Accuracy of supporting data is controlled through internal program edits in the PALM and TRAM systems, and cross checks against other automated systems.		