

1994 HIGHLIGHTS

INTELLECTUAL PROPERTY PROTECTION

Playing a leadership role in intellectual property protection is a top priority of the PTO. Strong intellectual property protection translates not only into protection of valuable inventions and investments, but also improved competitiveness and economic growth for America. In order to ensure that our creators and inventors will receive the best protection both here and abroad, the PTO continues to work toward improving both the global intellectual property arena and our own national patent and trademark protection programs.

Policy Initiatives

Fiscal year 1994 was marked by major developments in intellectual property protection:

Agreement on the Trade-Related Aspects of Intellectual Property (TRIPS)

The TRIPS Agreement is one of several agreements negotiated in the Uruguay Round of Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade (GATT). The TRIPS Agreement establishes intellectual property protection standards for the more than 110 countries that participate in the GATT. One of the most important requirements of the TRIPS Agreement requires the United States to introduce legislation that would adopt a twenty-year patent term measured from the date of filing of the patent application. The GATT implementing legislative package was introduced in the Congress at the end of fiscal year 1994.

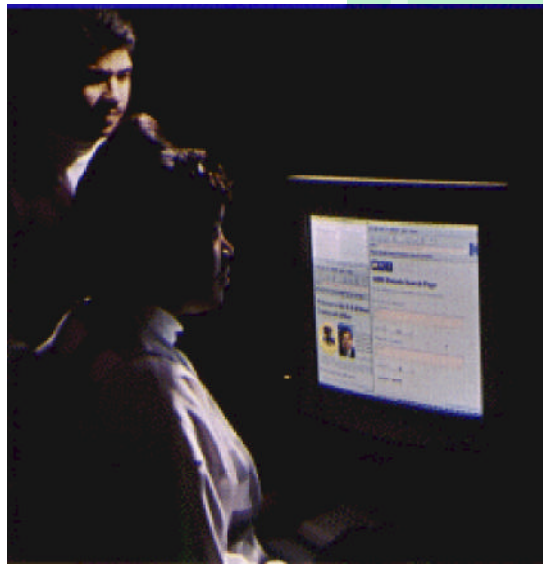
U.S.-Japan Letters of Agreement

The U.S.-Japan Letters of Agreement, signed by Commerce Secretary Ronald H. Brown and Japanese Ambassador Takakazu Kurizama on August 16, 1994, requires the PTO to introduce legislation to expand the grounds for requesting patent reexaminations, to permit increased participation by third parties in reexaminations, and to provide for the publication of patent applications. The Japanese Patent Office will eliminate dependent patent compulsory licenses. The Patent Application Publication Act was introduced in the Congress on September 30, 1994.

National Information Infrastructure (NII)

The PTO is involved in the creation of a new era in information dissemination through the NII—more commonly referred to as the information superhighway. Assistant Secretary and Commissioner Bruce A. Lehman chairs the Working Group on Intellectual Property Rights under the White House Information Infrastructure Task Force. On July 7, 1994, the Task Force released a preliminary draft of the working group's report entitled the "Intellectual Property and the National Information Infrastructure." The final report is due out in 1995.

As a demonstration of the important ways in which the Administration's NII can improve people's lives, in 1994, the PTO worked to place the full text and images of almost 1,500 AIDS-related patents on the Internet. By putting the AIDS-related patents on the Internet, we hope to assist the research community in combating the spread of the deadly disease. The AIDS patent database is available on the Internet World Wide Web and also through an electronic mail gateway. Internet users with access to a World Wide Web client should open the URL <http://www.uspto.gov>.



Continuing Intellectual Property Protection Efforts

Our efforts include: continuing the negotiation of the Trademark Law Treaty, a Protocol to the Berne Convention for the Protection of Literary and Artistic Works and a new instrument on the protection of the rights of performers and producers of sound recordings; working with the National Economic Council to strengthen the protection of intellectual property in the United States; providing legal/technical advice on the intellectual property laws of other countries for implementation of "Special 301" trade actions, for determinations regarding the Generalized System of Preferences, and for negotiation of bilateral investment and economic treaties, intellectual property agreements and science and technology agreements.

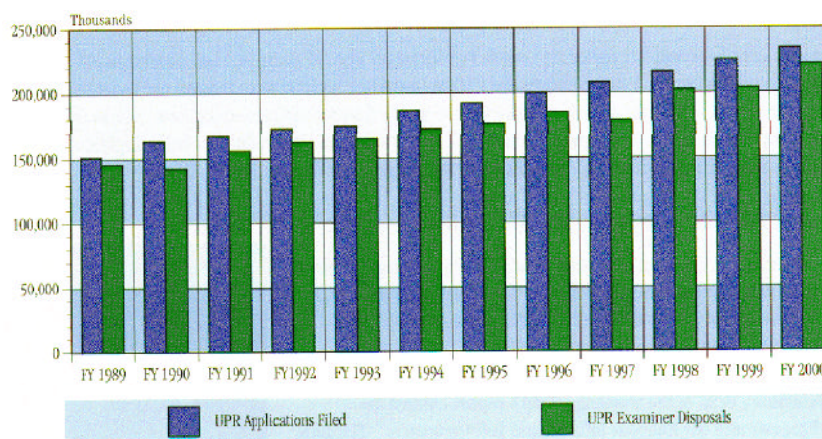
Patent Protection and Dissemination Programs

The rapid advancement and innovation of technology today requires a patent protection system that is swift and adaptable to the needs of individual inventors, small businesses and multinational corporations. The efficiency and effectiveness of the patent system continues to be improved as a result of our goal to reduce patent pendency and to modernize our operations.

Patent Applications

In fiscal year 1994, we received a record number of patent applications totaling 201,554. Of this number, 186,123 were utility, plant and reissue (UPR) patent applications, and 15,431 were design applications. The total number of applications received in fiscal year 1994 represented an increase of 13,455 above the number of applications received in fiscal year 1993.

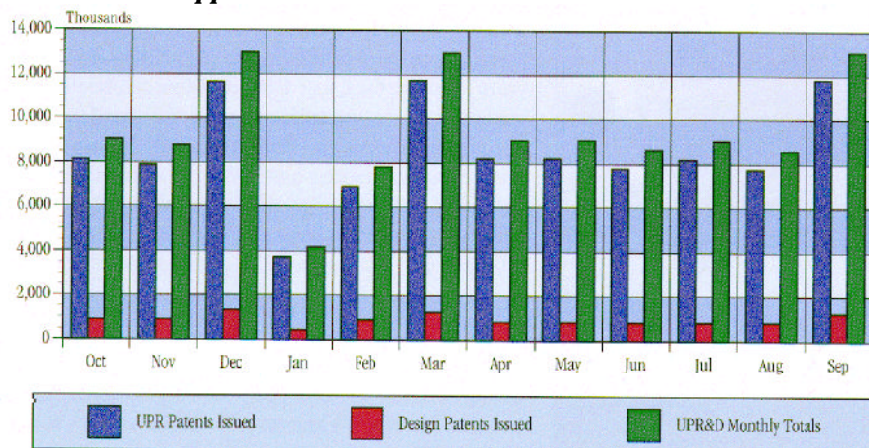
Patent Applications and Production (Examiner Disposals)



Patents Issued

Our ability to maintain quality examination and productivity resulted in the issuance of 113,268 patents in fiscal year 1994. This number represents 102,130 UPR patents and 11,138 design patents. The overall increase in patents issued in fiscal year 1994 over fiscal year 1993 was 5,936.

Number of Patent Applications Issued in Fiscal Year 1994



Patent Pendency

Even with this influx of patent applications, we were able to continue to reduce our overall pendency rate for UPR patent applications from 19.5 months in fiscal year 1993 to 19.0 months in fiscal year 1994. Additionally, the average design pendency was reduced from 25.5 months in fiscal year 1993 to 21.2 months by the end of fiscal year 1994. Patent pendency was also reduced in specific emerging technologies and technology areas experiencing rapid growth. In particular, pendency for the computer technology area was reduced from 28.5 months in fiscal year 1993 to 26.5 months in fiscal year 1994. In the biotechnology area, patent pendency was reduced from 22.2 months in fiscal year 1993 to 20.8 months by the end of fiscal year 1994.

GPRA Performance Measures

The Government Performance and Results Act (GPRA) of 1993 (discussed in detail on page 17) requires federal agencies to establish measures of performance which will provide a means of gauging program performance and accountability. The PTO, which volunteered to participate in a pilot project under Phase I of GPRA, established the following GPRA performance measures for the patent program area:

Performance Measures	UPR Applications		Design Applications	
	Plan	Actual	Plan	Actual
Patent Applications Filed	179,000	186,123	14,500	15,431
Patents Issued	102,000	102,130	11,000	11,138
Patent Pendency	19.6	19.0	22.0	21.2

Total Certified Copies of All Types of Patents 108,978
 Orders for Patent Copy Sales 955,195

Supplier Project

A limited pilot program was begun in fiscal year 1994 addressing the pre-office action interview by the examiner of the applicants and/or their attorney/agent. This pilot program is intended to communicate and resolve issues which, if left unresolved, may become part of an office action and delay allowance of the application by the examiner. The first part of the pilot program will continue into fiscal year 1995. The PTO hopes that this pilot program will ultimately result in a decrease in the number of office actions per application, and in swifter prosecution of the application. During fiscal year 1994, this pilot program was identified, along with other customer focus projects, for inclusion as a patent program reengineering initiative.



Patent Restoration

Under 35 United States Code, section 156, Extension of Patent Terms, the terms of certain patents may be extended up to five years. Through fiscal year 1994, the Office received 268 applications for patent term extensions and issued 196 certificates of patent term extension. Of the 196 certificates issued, 167 involved patents covering human drug products, 19 involved patents for medical devices, three involved patents for food additives, and seven involved patents covering animal drug products. Still pending are 32 requests for patent term extensions.

Reexamination

During fiscal year 1994, the PTO received 379 reexamination requests. Of these 379 requests, 77 were known to be in litigation. A substantial new question of patentability was found, and reexamination ordered, in 339 cases. The Office denied reexamination in 30 cases.

Reexamination was completed and certificates issued in 309 cases. Of those completed, patentability of all patent claims was confirmed in 83 cases. Claims were modified or added and patentability was confirmed on some existing, modified, or added claims in 207 cases. All claims were canceled in 19 cases.

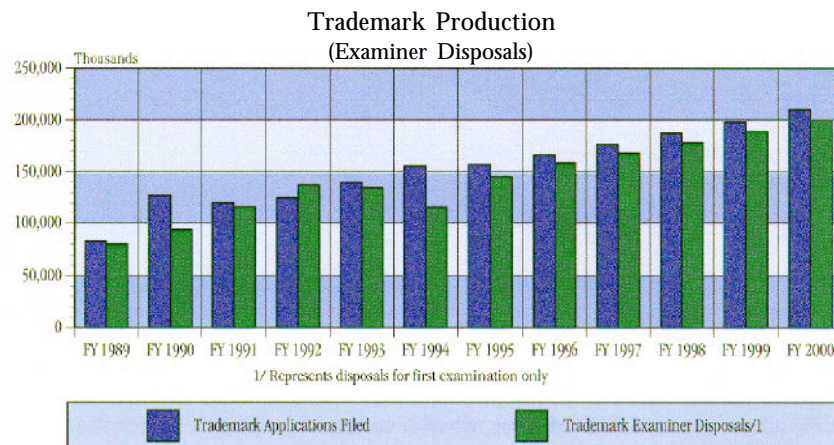
Trademark Protection and Dissemination Programs

As the value of trademarks becomes increasingly more important to industry, the PTO continues to receive greater influxes of trademark applications.

Trademark Applications

In fiscal year 1994, we received 155,376 trademark applications—an 11 percent increase over the 1993 filing level of 139,735. The number of trademark application filings continues to increase each year at rates higher than anticipated since the enactment of Intent-to-Use legislation in 1989. This legislation relaxed the requirements for filing an application from actual use of the mark in commerce to include a bona fide intent to use the mark in commerce. Since fiscal year 1989, the trademark application workload has increased approximately 87 percent, while fiscal year 1994 staffing levels for the trademark process exceed those of fiscal year 1989 by only 51 percent.

Trademark Applications and Production (Examiner Disposals)



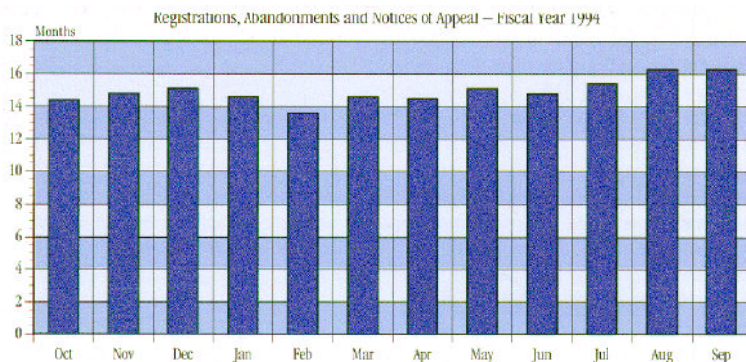
Trademarks Registered

The number of certificates of registration for trademark applications, including extra classes, issued during fiscal year 1994 was 68,853. In fiscal year 1993, total registrations with extra classes were 86,122.

Trademark Pendency

Fiscal year 1994 was a year of major change in the Trademark Operation. The entire operation was reorganized to offer trademark applicants one stop customer service. All operations, from receipt and processing of incoming mail to preparation for publication for opposition and placement on the trademark register, are now assigned to the Assistant Commissioner for Trademarks. The implementation of this reorganization and an unusually high number of new applications filed (155,376) has had the temporary effect of increasing pendency to 5.2 months from filing to first office action and 16.3 months to registration. Once the efficiencies of the new organization and work processes are in place, pendency is expected to begin to move toward goal levels.

Trademark Pendency to Registrations, Abandonments and Notices of Appeal — Fiscal Year 1994



GPRA Performance Measures

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<i>Performance Measures</i>	<i>Plan</i>	<i>Actual</i>
Trademark Applications Filed	148,000	155,376
Trademarks Registered (classes)	90,300	68,853
First Action Pendency	3.0 months	5.2 months
Registration/Abandonment Pendency	13.8 months	16.3 months
Total Certified Trademark Copies	35,532	
Orders for Trademark Copy Sales	25,641	

¹Includes certified status copies processed by the trademark operation.

QUALITY IS CUSTOMER SATISFACTION

The products and services we provide are only as good as the level of customer satisfaction they inspire. On any given day, thousands of individuals from around the world request our products and services. Our goal is to ensure that each and every one of these customers receive 100 percent customer satisfaction 100 percent of the time.

Meeting Customer Needs

"Okay," said the moderator, "let's start by switching hats. Forget names, rank, and GS levels. Today, you're an attorney and you're talking about an application you have filed with the PTO. What do you need and expect from the PTO during the prosecution of that application?" "High quality in the post-registration process," responded a trademark employee. "Timeliness," exclaimed one. "A staff that is responsive to my questions, to the things that I need," said another, while heads nodded around the room.

On February 18, 1994 a group of employees were asked to change roles for the morning and think of themselves not as workers, but rather as customers who expect quality service in every interaction they have with the PTO. This was the first in a series of self-analysis workshops conducted by our Center for Quality Services. The purpose of these workshops was to give employees a fresh perspective on the agency's primary goals and responsibilities, while helping them to gain a better understanding of their customers' needs.

In fiscal year 1994, the Center for Quality Services spearheaded various self-analysis workshops and nationwide customer focus sessions to determine customer needs and the current level of satisfaction with the kind and quality of our services. As a result of these feedback sessions, service standards were set throughout the PTO that clearly identify and define the needs of our customers. Employees have initiated new, innovative ways to meet and anticipate the needs of our users, while renewing the focus on complete customer satisfaction to both our internal customers—PTO employees—and our external customers—the patent and trademark users and stakeholders. By continually assessing and monitoring the needs of our customers, we strive to be attuned and responsive to the demands and expectations of those who support our daily operations.

ACTIONS FOR IMPROVING CUSTOMER SERVICE

- ▶ Train our employees to better understand their roles in providing you with quality products and services.
- ▶ Critically evaluate and change current patent and trademark processes to increase quality, integrity, customer service, and cost savings.
- ▶ Research the best business practices used by successful federal and private organizations and adapt them PTO operations.
- ▶ Improve communications with you by using voice mail and facsimile machines. In addition, create a central office for responding to trademark customer questions.

Reorganizing the PTO

The old organizational structure was replaced with a process and customer based organization. A stronger emphasis is now placed on responsiveness to the Administration's policy initiatives and on serving PTO's customers. Reporting to the Assistant Secretary of Commerce and Commissioner of Patents and Trademarks are:

- ▶ The Deputy Assistant Secretary of Commerce and Deputy Commissioner of Patents and Trademarks, who has responsibility for all policy, and legal, legislative and appellate activities.

- ▶ The Assistant Commissioner for Patents, who has direct authority over all patent operations in the office from application filing through patent grant, except for appellate activities of the Board of Appeals and Interferences.
- ▶ The Assistant Commissioner for Trademarks, who has direct authority over all trademark operations of the office from application filing through trademark registration, except for appellate activities of the Trademark Trial and Appeal Board.
- ▶ The Associate Commissioner and Chief Financial Officer, who has direct responsibility for the planning, financial, budgetary, general administrative, human resources, quality customer enhancements, information dissemination, and computer facility operations activities.
- ▶ The Chief Information Officer, who has responsibility for monitoring the business process reengineering initiatives and design and development of enhanced automated systems.

In 1994 President Clinton appointed Michael K. Kirk as Deputy Assistant Secretary of Commerce and Deputy Commissioner of Patents and Trademarks; Lawrence J. Goffney, Jr., as Assistant Commissioner for Patents; and Philip G. Hampton II, as Assistant Commissioner for Trademarks. With these appointments, all statutory senior level positions of the Patent and Trademark Office are in place.

Employing Better Processes

The goal to “employ better processes” is directed towards changing the way we process our work in order to provide the highest quality products and services in a cost effective manner. In meeting this goal, various Business Process Reengineering (BPR) efforts are currently underway:

Trademark Process

The trademark operation is radically redesigning its practices by introducing electronic application processing into the system. The newly proposed process would center around electronic receipt, processing, storage, maintenance, and management of trademark applications and other filings. Once implemented, this system will significantly improve processing times in both the pre-examination and examination areas. Additionally, it will improve quality by automating initial data capture, instituting standard formats for filing, and initiating work group review and discussion of difficult cases.

Trademark Trial and Appeal Board Support Processes

As a result of a 1994 management control review conducted by the Trademark Trial and Appeal Board (TTAB), the TTAB was identified as a prime candidate for business process reengineering. Throughout fiscal year 1994, a team of employees met to analyze the work processes of the TTAB’s docketing function. As a result of their efforts, new pilot work practices were established.

Patent Pre-Grant Publication

In response to the agreement with Japan to introduce legislation implementing 18-month publication of patent applications, an engineering effort is in progress to design a process which would enable the PTO to implement 18-month publication by January 1, 1996 (assuming enactment of the legislation which was introduced in September 1994).

PTO Budget and Cost Management

Our Office of Business Process Reengineering (OBPR) is leading the reengineering of the PTO budget formulation and cost management processes.



Improving Information Technologies

Whether it is collected from customers, created by us, or disseminated to our customers, information is one of PTO's most valuable resources. The "information age," with its emphasis on automated technologies, is having a profound effect on both our operations and our customers. To respond to this demand for improved information technologies, we continue to upgrade our information systems.

Patent Automation

One of our most important automation projects is the Automated Patent System (APS). Two major accomplishments for APS in fiscal year 1994 included:

- ▶ Creating a second complete database of all U.S. patents issued since 1790 on a rapid-access optical storage device.
- ▶ Expanding the capability of the Patent and Trademark Copy Sales System to fully automate the customer order collation and delivery of patent and trademark copy orders.

Trademark Automation

Currently, two major automated systems support trademark processing—the Trademark Reporting and Monitoring System (TRAM) and the Trademark Text and Image Retrieval System (X-Search). In fiscal year 1994, X-Search was improved to respond to the needs and requests of trademark customers and system users. Accomplishments included:

- ▶ Providing new capabilities for reviewing search results.
- ▶ Developing and installing a new network based system, thus allowing trademark examining attorneys to conduct preliminary searches at their desktops.
- ▶ Modifying X-Search to improve system performance capabilities during peak workload periods.
- ▶ Releasing X-Search version 1.1 Request For Proposals (RFP). As a result of this solicitation, we intend to upgrade the system to allow for more concurrent users and faster text searching capabilities.

Enhancing Human Resources

In order to foster the development of an organization that is innovative, decentralized, flexible, and adaptable, we are taking a fresh look at our approach to human resource management. In 1994, through coordination with PTO's Partnership Council, Strategic Diversity Council, and employee unions, a Human Resources Strategic Diversity Plan was designed. The plan focuses on the following areas:

Recruitment

Recognizing that our success depends upon a high-performing, as well as diverse work force, the PTO will use innovative outreach techniques and diverse sources to aggressively build a high quality work force.

Career Management

We are committed to meeting the career management and development needs of our employees as well as the requirements of the PTO for employees who can achieve in a highly automated and highly technical environment. In 1994, as a pledge to our commitment to prepare our work force for the challenges and changes ahead in the 21st Century work place, the PTO University was established. Under this program, employees have the opportunity to pursue certificates, bachelors and eventually graduate level degrees. More than 380 employees began taking courses during the University's first semester.

Quality of Work Life

We strive to provide a supportive and healthy work environment where the values of quality, teamwork, and personal and family commitments can be fostered and balanced. To address operational issues, work life programs and labor-management relations, the PTO Partnership Council was created. The Council—representing management and union representatives—focuses on developing balanced and supportive work place policies and practices.

Communication

Open lines of communication among all levels of employees are critical to achieving our mission. To maintain effective communication channels, we will apply technological advances in communications including electronic mail and bulletin boards, as well as make use of traditional approaches such as employee newsletters.

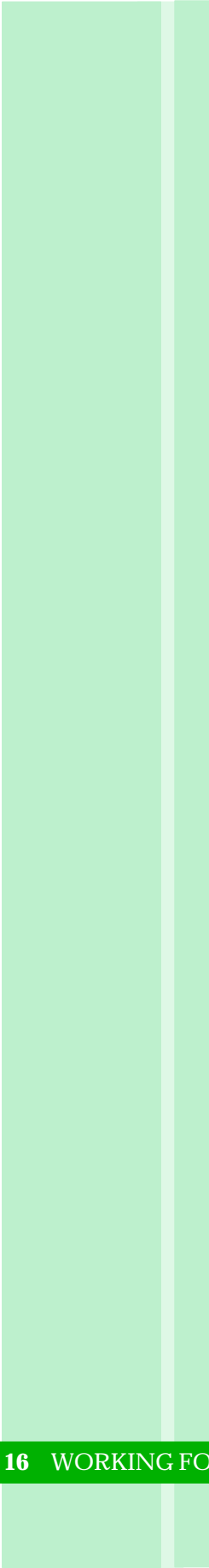
Community Service

The success of an organization is not only defined by its accomplishments in the business world, but also by its devotion to improving and positively influencing the community, in which it resides. In showing our commitment to both our local and national community the PTO provides various educational and community outreach programs:

Project XL—PTO's nationwide educational outreach program—proves that there is an inventor in everyone. To inspire the creativity and ingenuity of our nation's youth and to assist educators in incorporating creative and inventive thinking into their curricula, Project XL holds various exhibits and workshops nationwide. In 1994, the Project XL staff participated in annual conferences held by the National Association for Bilingual Education, the National School Boards Association, New Jersey's Student Inventions Through Education Program, and the Technology Education Program of Montgomery County, Maryland. Locally, PTO employees volunteered their time to tutor, mentor, and present special programs throughout schools in the Washington, D.C. area.

Project XL's collaborative projects with the National Inventive Thinking Association, the Cities/Communities In Schools Organization, and the National Institutes of Health Education Office, brought new curriculum material to educators nationwide, helped expand the drop-out prevention efforts for Native American students in South Dakota, and enhanced Maryland's technology education program. During the year, more than 4,000 educators requested and received Project XL curriculum materials.





Clarendon House—The PTO initiated a pilot employment program with Clarendon House, a community based self-help mental health center in Arlington, Virginia. The PTO became the first federal agency to join the growing list of Clarendon House program supporters.

Cultural Observances—In addition to sponsoring several cultural observances throughout the year, the PTO was one of a group of nineteen public and private organizations which participated in Diversity Day 1994. Through a mix of training workshops, video presentations, display booths and cultural presentations, Diversity Day symbolizes PTO's commitment to valuing diversity, developing cultural awareness in the work place, and fostering efforts to recruit and retain a diverse work force.

Work Force Management

Because customer satisfaction is our highest priority, compensation and benefits are our biggest investment. We view our employees as a valuable resource to be invested and optimized, not as a cost to be cut or minimized.

Recognizing the government-wide initiative to reduce federal employment wherever feasible, we rely upon contractor support to supplement the work of our employees. However, the PTO has certain functions—specifically patent and trademark examination—which cannot be contracted out. Looking ahead to 1995, patent workload is expected to grow by 4 percent and trademark workload by 6 percent, yet our overall work force is only expected to grow by less than 2 percent. To meet the growing product and service demands, the PTO must maintain an adequate staff of skilled patent examiners, trademark attorneys, and technical support personnel.