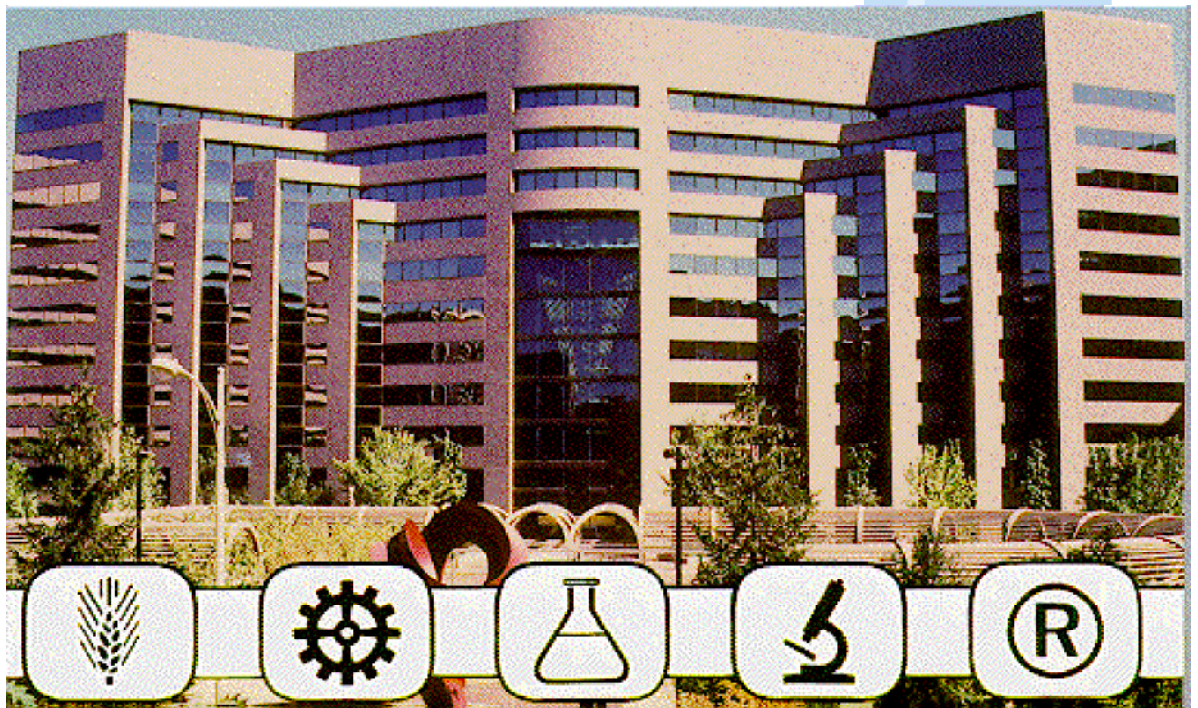


WORKING FOR OUR CUSTOMERS

A Patent and Trademark Office Review



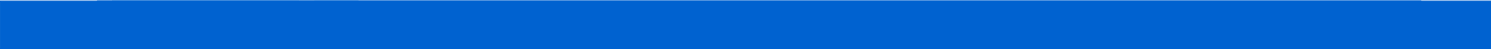
FISCAL YEAR 1994





THIS VOLUME CONTAINS:

Commissioner's Annual Review
Chief Financial Officer's Financial Statement
Government Performance and Results Act Performance Plan



WORKING FOR OUR CUSTOMERS

A Patent and Trademark Office Review

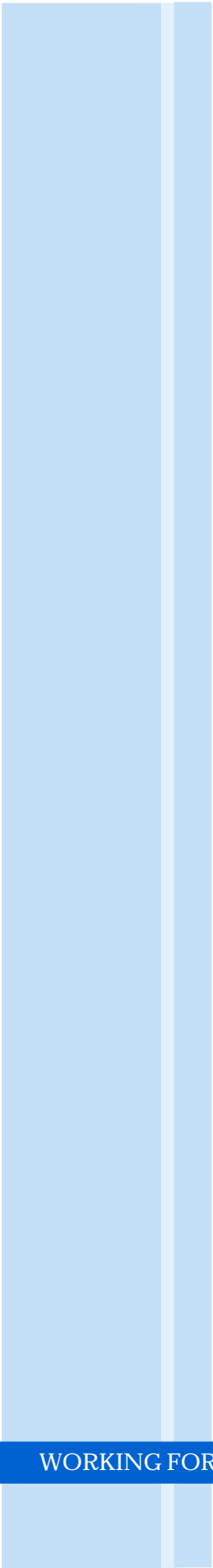
PATENT AND TRADEMARK MISSION:

The PTO promotes industrial and technological progress in the United States and strengthens the national economy by:

- ▶ *Administering the laws relating to patents and trademarks.*
- ▶ *Advising the Secretary of Commerce, the President of the United States, and the Administration on patent, trademark, and copyright protection.*
- ▶ *Advising the Secretary of Commerce, the President of the United States, and the Administration on the trade-related aspects of intellectual property.*

U.S. Department of Commerce
Ronald H. Brown, Secretary

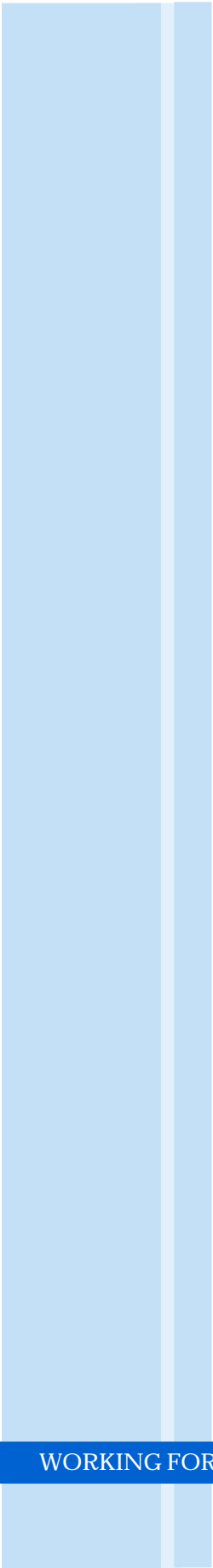
U.S. Patent and Trademark Office
Bruce A. Lehman, Assistant Secretary of Commerce
and Commissioner of Patents and Trademarks



WORKING FOR OUR CUSTOMERS

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WORKING FOR OUR CUSTOMERS

MESSAGE FROM THE COMMISSIONER

American technological advancement can only begin in one place — in the minds of our thinkers and creators. To support and cultivate this creative genius, the PTO must ensure strong intellectual property protection for all Americans in the global market place of today.

The importance of effective intellectual property protection worldwide has created new challenges and opportunities for the PTO. This year the PTO was involved in many policy initiatives to strengthen protection for intellectual property. By entering into negotiations and agreements with our international counterparts, the PTO seeks to play a leadership role in the development of a creative environment that promotes open markets, healthy competition and strong intellectual property protection.

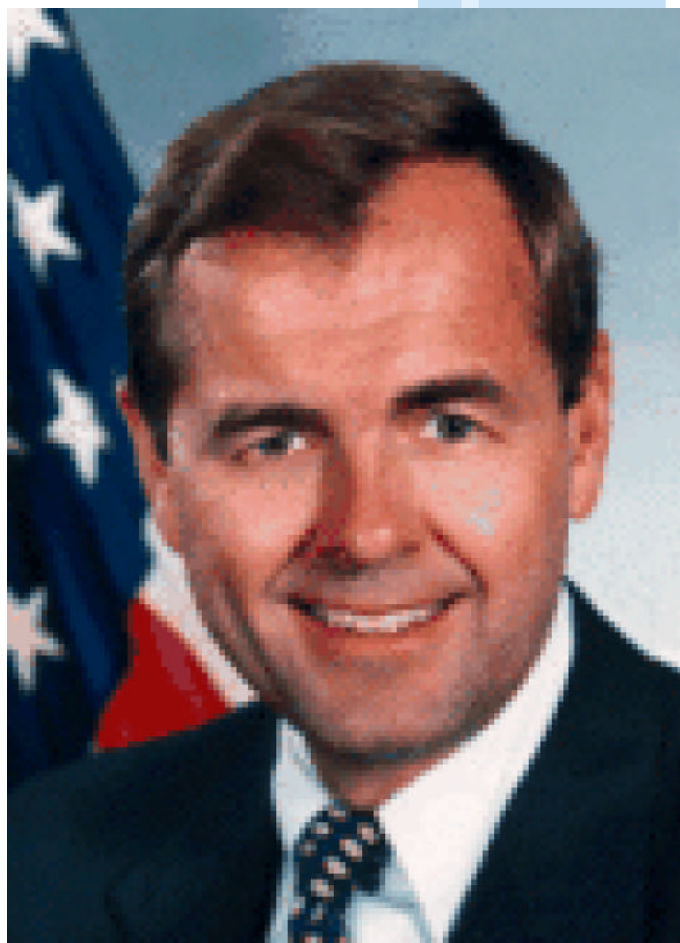
Defining a leadership role in this area places significant responsibility on the PTO to create a world class organization that sets the standards for quality patent and trademark operations as well as sound financial performance. In 1994, rising consumer demand and increased patent maintenance fee collections contributed to total revenue of \$544 million, an increase of nearly 10 percent from the prior year. Total expenses climbed by 6 percent to \$485 million. At the end of the fiscal year, total assets approached \$337 million, and liabilities totaled \$235 million.

We at the PTO remain focused on providing effective and efficient patent and trademark service to our customers. Emphasis remains on reducing both patent application and trademark application pendency, and modernizing our operations. Although many improvements were made, there is more to be accomplished. In 1994, the trademark program area struggled with processing delays in the pre-examining and pre-publication areas. With a supportive and dedicated staff, we expect to reduce these delays significantly in fiscal year 1995.

Fiscal year 1995 will no doubt present the PTO with its share of challenges and opportunities. Armed with a clear strategic plan and a diverse and expert staff, we will continue to provide the intellectual property protection.



Bruce A. Lehman
Assistant Secretary of Commerce
and Commissioner of Patents and Trademarks



EXECUTIVE SUMMARY

FINANCIAL HIGHLIGHTS

Financial Results

As of September 30
(\$ in millions)

	1994	1993	1992 (unaudited)
Total Revenue	543.7	493.6*	414.7
Total Expenses	485.4	456.9*	349.7
Excess of Revenues over Expenses	58.3	36.7*	65.0
Total Assets	337.1	250.7	212.0
Total Liabilities	234.9	201.7	194.8
Net Position	102.2	49.0	17.2

Financial Ratios

Current Ratio	1.44	1.24	1.06
Fixed Asset Ratio	0.15	0.17	0.17
Revenue per FTE (in dollars)	\$109,247	\$100,925	\$90,372

APPLICATION RECEIPTS AND PENDENCY

Patent — Utility, Plant & Reissue (UPR) Application Receipts	186,123	174,553	172,539
Design Receipts	15,431	13,546	12,907
Patent Pendency (UPR) (in months)	19.0	19.5	19.1
Trademark Application Receipts	155,376	139,735	125,237
Trademark Pendency (in months to registration/abandonment)	16.3	14.4	15.1

**unaudited*

EXECUTIVE SUMMARY

During fiscal year 1994 we made significant strides in achieving our goals in many areas. In implementing our new reorganization and putting the customer responsive process to work some temporary slippages have occurred but these are being addressed and we are confident that movement in a positive direction is imminent.

- ▶ International agreements have moved ahead indicating some major changes in U.S. patent law and practice as defined by passed legislation and pending legislation, e.g. a twenty year patent term and 18-month publication of patent applications. National Information Infrastructure (NII) work is progressing with a final report on intellectual property issues due out in fiscal year 1995.
- ▶ In fiscal year 1994, 201,554 applications were received for U.S. patents and 113,268 U.S. patents of all types were granted.
- ▶ In fiscal year 1994, 155,376 applications were received for federal trademarks with registration of 68,853 trademarks across all classes of goods and services.
- ▶ We are addressing in concrete ways the needs of our customers, both within and outside the Patent and Trademark Office.
- ▶ In fiscal year 1994 the Patent and Trademark Office realigned its organizational structure.
- ▶ Reinventing Government became a reality in the Patent and Trademark Office with projects underway or planned in our Office of Business Process Reengineering.
- ▶ The Patent and Trademark Office continues to enhance its automated search and retrieval systems for patent and trademark examination as well as fully automating its patent and trademark copy ordering system.
- ▶ The Patent and Trademark Office has improved its recruitment, educational, and community outreach programs.



*Shown top to bottom:
1994 Presidential appointee, Michael K. Kirk, Deputy
Assistant Secretary of Commerce and Deputy
Commissioner of Patents and Trademarks; Lawrence J.
Goffney, Jr., Assistant Commissioner of Patents, and
Philip G. Hampton II, Assistant Commissioner of
Trademarks*

OUR BUSINESS: AN INTRODUCTION

For over 200 years, the basic role of the Patent and Trademark Office (PTO) has remained the same—to promote the progress of science and the useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries (Article 1, Section 8 of the United States Constitution). Under this system of protection, American industry has flourished. New products have been invented, new uses for old ones discovered, and employment opportunities created for millions of Americans.

The PTO is a non-commercial federal entity and one of 14 bureaus in the Department of Commerce (DOC). The office occupies a combined total of 1,480,763 square feet, in 15 buildings in Arlington, Virginia and three warehouse storage facilities located in Boyers, Pennsylvania, Newington and Springfield, Virginia. In fiscal year 1994, the office employed 4,977 full time equivalent staff (FTE) to support its major functions—the examination and issuance of patents and the examination and registration of trademarks.

The PTO has evolved into a unique government agency. Since 1991—under the Omnibus Budget Reconciliation Act (OBRA) of 1990—the PTO has operated in much the same way as a private business, providing valued products and services to our customers in exchange for fees which are used to fully fund our operations. The primary services we (the PTO) provide include processing patents and trademarks and disseminating patent and trademark information.

Through the issuance of patents, we encourage technological advancement by providing incentives to invent, invest in, and disclose new technology worldwide. Through the registration of trademarks, we assist businesses in protecting their investments, promoting goods and services and safeguarding consumers against confusion and deception in the marketplace. By disseminating both patent and trademark information, we promote an understanding of intellectual property protection and facilitate the development and sharing of new technologies worldwide.

PTO programs are conducted under the following principal statutory authorities:

- ▶ 15 U.S.C. 1051-1127 contains provisions of the Trademark Act of 1946 that govern the administration of the trademark registration system of the Patent and Trademark Office.
- ▶ 15 U.S.C. 1511 states that the Patent and Trademark Office is under the jurisdiction and supervision of the Department of Commerce.
- ▶ 35 U.S.C. contains basic authorities for administration of patent laws, derived from the Act of July 19, 1952, and subsequent enactment. Revenues from fees are available to the Commissioner to carry out, to the extent provided for in appropriations acts, the activities of the Office. The Patent and Trademark Office is authorized to charge international fees for activities undertaken pursuant to the Patent Cooperation Treaty. Deployment of automated search systems of the Office to the public is authorized.
- ▶ 44 U.S.C. 1337-1338 contains authority to print patents, trademarks, and other matters relating to the business of the Office.

In 1994 the PTO was reorganized into six functions:

*Assistant Secretary of Commerce and Commissioner of Patents and Trademarks
Deputy Assistant Secretary of Commerce and Deputy Commissioner of Patents and Trademarks
Assistant Commissioner for Patents
Assistant Commissioner for Trademarks
Associate Commissioner and Chief Financial Officer
Chief Information Officer*