FY 2025 AGENCY FINANCIAL REPORT

UNITED STATES PATENT AND TRADEMARK OFFICE ®

FINANCIAL AND RELATED HIGHLIGHTS (unaudited)

(Dollars in thousands)	For the year ended September 30, 2025
Fund Balance with Treasury	$ 3,343,252
Property, Plant, and Equipment, Net	292,628
Other Assets	50,488
Total Assets	$ 3,686,368
Advances from Others and Deferred Revenue	$ 1,598,695
Accounts Payable	90,767
Federal Employee Salary, Leave, and Benefits Payable	367,535
Other Liabilities	159,154
Total Liabilities	$ 2,216,151
Net Position	1,470,217
Total Liabilities and Net Position	$ 3,686,368
Total Program Cost	$ 4,619,294
Total Earned Revenue	(4,423,221)
Net Cost of Operations	$ 196,073
Budgetary Resources Available for Spending	5,704,671
Total Collections, Net	$ 163,140
Federal Personnel	13,777
On-Time Payments to Vendors	99%

KEY PERFORMANCE INDICATORS (unaudited)

The USPTO's targets have generally stayed consistent for fiscal year (FY) 2025 compared to FY 2024. The FY 2025 Annual Performance Report and FY 2027 Annual Performance Plan (APPR), to be posted on the **annual reports website** in 2026, will describe changes to measures and targets, including for prior years, in detail.

Strategic Area	Performance Measures		FY 2025 Target	FY 2025 Actual	Performance Results
Patents	Total Patent Term Adjustment (PTA) Compliance - Mailed Actions		80%	74%	Not Met
	Total PTA Compliance - Remaining Inventory		81%	80%	Not Met
	Compliance with Patentability Statutes (Percentage)	Statute 35 U.S. Code (U.S.C.) 101 Invention patentability (including utility and eligibility)	94%	97.9%	Met
		Statute 35 U.S.C. 102 Conditions for patentability; novelty (prior art compliance)	94%	96.2%	Met
		Statute 35 U.S.C. 103 Conditions for patentability; nonobvious subject matter (prior art compliance)	92%	94.6%	Met
		Statute 35 U.S.C. 112 Specification (enablement, written description, definiteness)	94%	94.8%	Met
Trademarks	Trademark Average First Action Pendency (months)		7.5	5.6	Met
	Trademark Average Total Pendency (months)		13.5	11.7	Met
	Trademark First Action Compliance Rate		95.5%	96.3%	Met
	Trademark Final Compliance Rate		97%	98.5%	Met
International	Percentage of prioritized countries (noted for FY 2025 are Brazil, China, and India) for which intellectual property (IP) country teams have made progress on at least three of the four performance criteria: a. Institutional improvements of IP office administration for advancing IP rights b. Institutional improvements of IP enforcement entities c. Improvements in IP laws and regulations d. Establishment of government-to-government cooperative mechanisms		66%	66%	Met
Customer Experience (CX)	Percentage of customers who indicate positive satisfaction with designated services	Patents: Seeking assistance when filing a patent application	70%	75%	Met
		Trademarks: Applying to register a trademark	70%	75%	Met
	Percentage of customers who indicate the employees with whom they interacted were helpful	Patents	75%	82%	Met
		Trademarks	75%	78%	Met
	Percentage of customers who trust the United States Patent and Trademark Office to grant patents and register trademarks in accordance with U.S. laws and regulations		65%	82%	Met

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LEADERSHIP MESSAGE (UNAUDITED)

MESSAGE FROM THE OFFICE OF THE UNDER SECRETARY

Fiscal year (FY) 2025 represented a clear break from previous years at the United States Patent and Trademark Office (USPTO). A new presidential administration swept into office, generating a leadership approach focused on the core competencies of the USPTO.

The agency experienced other changes in FY 2025, notably, the issue of managing the record high backlog of patent applications.

Unexamined patent application inventory had increased by almost 262,000 over the previous four years, from 576,103 in 2020 to 837,928 in January 2025.

Patent application pendency had also increased. In particular, first action pendency (i.e., the time it takes for a patent application to receive a first office action) ballooned by 39 percent to 20.5 months by January 2025 from 14.8 months at the end of 2020.

The new leadership team immediately proceeded to address these challenges with a variety of initiatives, incentives, and hard work.

By reducing the number of non-examination work details of examiners, reducing non-examination time activities, implementing programs to accommodate reassignments and returns to the examination corps, as well as creating bonus program incentives to reward additional examination time and production, the management team was able to reverse the growth of the backlog in patents. By the end of FY 2025, the patent application inventory had decreased by 49,699 to 788,229 (5.9%).

As to trademarks, a similar effort to refocus the examining attorney staff reduced the inventory of unexamined applications by 88,869 to 346,378 (a 20.4% reduction) for FY 2025.

***John A. Squires**, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office*

Simultaneously, several transformational initiatives were implemented to modernize patent examination, with a variety of new models undergoing trial testing utilizing teams combined with artificial intelligence (AI) and other advanced information technology (IT) tools.

Cost-saving measures were a significant objective for FY 2025. Travel expenditures for FY 2025 were reduced by 72% over FY 2024 figures, with a total average monthly savings of $520,000. The number of travel days for our staff decreased by 75%, resulting in an average of 1,194 additional workdays per month to devote to mission-critical needs that had otherwise been lost.

Additionally, the USPTO has saved up to $315 million in costs through terminating contracts that were not critical to the agency's mission, descoping and negotiating discounts for current contracts, letting contracts with unexercised option periods expire, and reducing blanket purchase agreement ceiling values. The USPTO's financial system was further strengthened to enhance management and oversight of acquisitions, invoicing, and fee payments.

The new leadership team also increased USPTO operational transparency. Stakeholders can currently monitor key operational data. Patents and Trademarks metrics are regularly posted to our public website coupled with augmented datasets that identify trends for the past 10 years. We also successfully launched USPTO Hour, a weekly webinar series that features USPTO experts presenting in-depth analyses of updates and other operational subjects. These live broadcasts have been extremely popular, with attendance in the thousands.

The USPTO also finished FY 2025 in a strong financial position. Revenues increased from the previous year in both the Patents and Trademarks business units. Total revenue increased from $4.12 billion in FY 2024 to $4.42 billion in FY 2025.

As in years past, given the best-in-class controls and accounting methods we have in place, we are confident that the financial data used in this report are complete, reliable, accurate, and consistent.

For the 33rd consecutive year, our agency has earned an unmodified (i.e., clean) audit opinion on its annual financial statements, providing the public and our stakeholders with an independent assurance that the agency's financial information is presented fairly in all respects, and that it follows generally accepted accounting principles. The independent auditors reported no material weakness, significant deficiencies, or any instances of noncompliance with laws or regulations during the FY 2025 reporting period.

John A. Squires

John A. Squires
Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office

December 5, 2025

***Coke Morgan Stewart**, Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office*

Moreover, the agency's financial reserves have also been strengthened, and they continue to provide stability to the entire intellectual property (IP) system. Through the use of these robust reserves, the USPTO remained open and continued full operations despite this year's government shutdown.

The number of patent and trademark applications filed increased at a steady rate, which is generally a solid barometer that the U.S. economy will continue to generate growth and prosperity for the coming years. The agency also hired new classes of patent examiners and trademark examining attorneys to help alleviate the unprecedented backlog of applications inherited from previous years.

Overall, FY 2025 was a year of dramatic change, and we are wholly indebted to our world-class employees for their perseverance, as well as their dedication to the agency, to our mission, and to each other. They are the best in the world at what they do, and they once again proved it.

Coke Morgan Stewart

Coke Morgan Stewart
Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office

December 5, 2025

INTRODUCTION (UNAUDITED)

WHO WE ARE

The USPTO is the federal agency responsible for granting U.S. patents and registering trademarks. The USPTO derives its mission from Article I, section 8, clause 8 of the U.S. Constitution ("to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries") and from the Commerce Clause of the Constitution (Article I, section 8, clause 3), which supports the federal registration of trademarks. American industry has flourished under this system, and growing demand for the USPTO's patent and trademark goods and services illustrates the immense value of IP protection in the United States.

The USPTO advises the President of the United States, the Secretary of Commerce, and U.S. government agencies on IP policy, protection, and enforcement. As an agency within the Department of Commerce (DOC), the USPTO supports the department's mission to create conditions for economic growth by protecting the innovations and inventions that underpin the United States' competitive advantage and ensuring American innovators profit from their work.

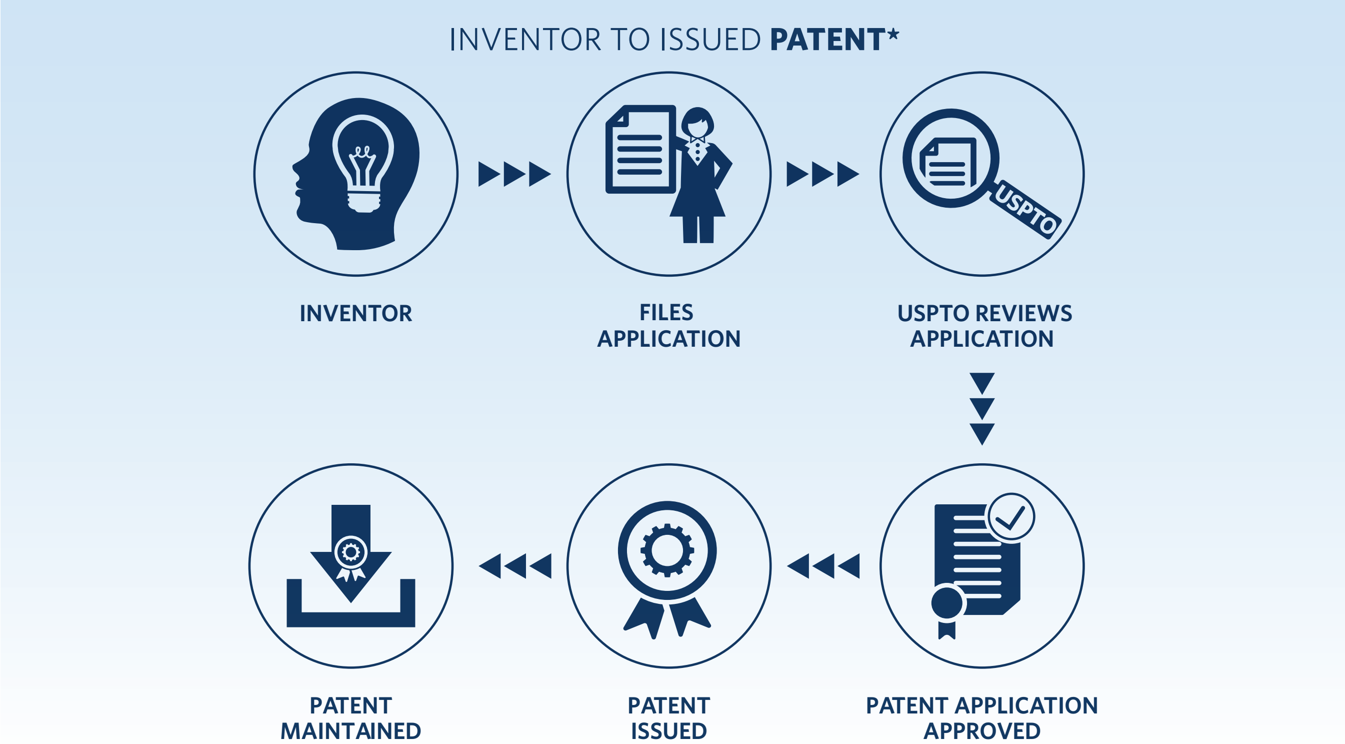
There are four basic types of IP rights in the United States: patents, trademarks, copyrights, and trade secrets. The graphic below provides a brief description of each type. The USPTO is responsible for patents and trademarks. Its IP policy work, however, encompasses all IP, including copyrights and trade secrets.

A patent for an invention represents the USPTO's granting of a right to an inventor. Generally, the term of a new utility or plant patent is 20 years from the date on which the inventor filed the patent

PATENTS	TRADEMARKS	COPYRIGHTS	TRADE SECRETS
GRANT rights to exclude others from making, using, or selling a utility, design, or plant invention.	**GRANT** exclusive use to any word, phrase, symbol, or design used to distinguish a brand from its competitors.	**GRANT** protection for original works—books, music, research, and other forms of creative expression.	**GRANT** rights for information that has either actual or potential economic value by virtue of not being generally known.
TERM Design: 14-15 years* Utility: 20 years** Plant: 20 years**	**TERM** 10 years Can be renewed indefinitely	**TERM** 70 years after author's death	**TERM** Continuous

** From date of issue depending on filing date*

***From the earliest claimed date for benefit*



**This graphic is a high-level overview. It is not intended to capture every step of the process.*

application in the United States or, in special cases,[1] from an earlier, related application date, subject to the payment of maintenance fees. Under certain circumstances, patent term extension, which extends the life of a U.S. patent to compensate for delays during regulatory approval, or patent term adjustment (PTA), which extends the life of a U.S. patent to compensate for delays the USPTO caused during the prosecution of a patent application, may be available. U.S. patent grants are effective only within the United States, U.S. territories, and U.S. possessions. The right conferred by the patent grant

> *A patent for an invention represents the USPTO's granting of a right to an inventor.*

There are three types of patents:

1 **Utility patents** may be granted to anyone who invents or discovers any new and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof. Maintenance fees for utility patents are due at 3.5, 7.5, and 11.5 years.

2 **Design patents** may be granted to anyone who invents a new, original, and ornamental design for an article of manufacture. Maintenance fees are not required for design patents.

3 **Plant patents** may be granted to anyone who invents or discovers and asexually reproduces any distinct and new variety of plant. Maintenance fees are not required for plant patents.

1 The term "special cases" means any cases that have a benefit claim under 35 U.S. Code (U.S.C.) 120, 121, 365(c), or 386(c), considering the exceptionally high number of continuing applications filed. See 35 U.S.C. 154(a)(2).

This graphic is a high-level overview. It is not intended to capture every step of the process.

is, in the language of the statute and of the grant itself, "the right to exclude others from making, using, offering for sale, or selling" the invention in the United States or "importing" the invention into the United States. A patent grant does not grant the right to make, use, offer for sale, sell, or import the invention, but it does grant the right to exclude others from making, using, offering for sale, selling, or importing the invention. Once the USPTO issues a patent, the patentee must enforce it without agency involvement or assistance. Application and maintenance procedures for patents and general information about patents are available on the USPTO's Patent basics webpage.

A trademark is a word, name, symbol, device, or any combination thereof used in the trade of goods to indicate the source of the goods and to distinguish them from the goods of others.

A trademark is a word, name, symbol, device, or any combination thereof used in the trade of goods to indicate the source of the goods and to distinguish them from the goods of others. Marks may take many forms: trademarks, service marks, certification marks (a type of trademark used to show consumers that particular goods and/or services, or their providers, have met certain standards), collective marks, and collective membership marks (a mark adopted by a "collective"—i.e., an association, union, cooperative, fraternal organization, or other group). A collective membership mark may be a letter or letters, a word or words, a single design, a name or nickname, or another matter that identifies the collective group. Certification marks may be used by anyone who complies with the standards defined by the owner of the particular certification mark. Collective trademarks may be used only by particular members of the organization (the collective) that owns them. A service mark is the same as a trademark, except it identifies and distinguishes the source of a service rather than a good. The terms "trademark" and "mark" are commonly used to refer to both trademarks and service marks.

Trademark rights can prevent others from using a confusingly similar mark, but not from making or selling the same goods or services under a clearly different mark. Trademarks used in interstate or foreign commerce may be registered with the USPTO. The registration procedure for trademarks and additional general information are available on the USPTO's Trademark basics webpage.

A copyright is a form of protection provided to the authors of "original works of authorship," including literary, dramatic, musical, artistic, and certain other intellectual works, both published and unpublished. The Copyright Act of 1976 generally gives the owner of a copyright the exclusive right to reproduce the copyrighted work, prepare derivative works, distribute copies or phono records of the copyrighted work, or perform or display the copyrighted work publicly. The copyright protects the form of expression rather than the subject matter of the work. For example, a description of a machine may be copyrighted, but this protection would only prevent others from copying the description; it would not prevent others from writing a description of their own or from making and using the machine. The U.S. Copyright Office, a department of the Library of Congress, registers copyrights. More information about copyrights is available on the USPTO's Copyright basics webpage.

A copyright is a form of protection provided to the authors of "original works of authorship," including literary, dramatic, musical, artistic, and certain other intellectual works, both published and unpublished.

A trade secret is information that has either actual or potential independent, economic value by virtue of not being generally known; has value to others who cannot legitimately obtain the information; and is subject to reasonable efforts to maintain its secrecy.

A trade secret is information that has either actual or potential independent, economic value by virtue of not being generally known; has value to others who cannot legitimately obtain the information; and is subject to reasonable efforts to maintain its secrecy. All three elements are required; if any element ceases to exist, then the trade secret will also cease to exist. Otherwise, there is no limit on the length of time for which a trade secret may be protected. More information is available on the USPTO's Trade secrets / regulatory data protection webpage.

ABOUT THIS REPORT

The USPTO's Agency Financial Report (AFR) provides information about the agency's financial position and summary performance results for FY 2025. This report demonstrates to Congress, the Administration, and the public the USPTO's efforts to promote the transparency of and its accountability for the resources entrusted to the agency. Available on the USPTO's annual reports webpage, this report satisfies the reporting requirements contained in the following legislation:

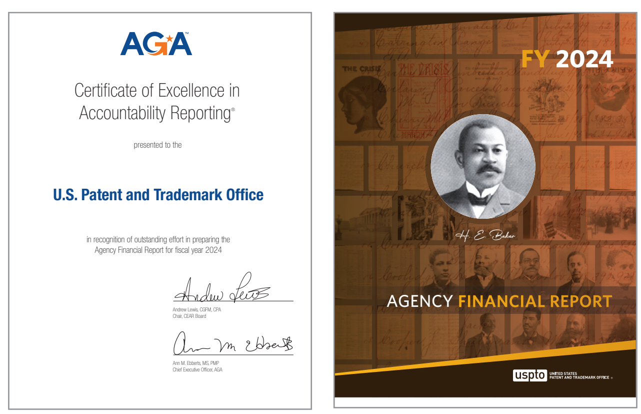
- 35 U.S. Code section 13
- Federal Managers' Financial Integrity Act (FMFIA) of 1982
- Chief Financial Officers Act (CFO Act) of 1990
- Government Management Reform Act of 1994
- Federal Financial Management Improvement Act (FFMIA) of 1996
- Reports Consolidation Act of 2000
- Accountability of Tax Dollars Act of 2002
- Government Performance and Results Act Modernization Act of 2010
- Leahy-Smith America Invents Act of 2011 (AIA)
- Study of Underrepresented Classes Chasing Engineering and Science Success Act (SUCCESS Act) of 2018
- Payment Integrity Information Act of 2019

Contributors

The financial and programmatic performance information presented in this report reflects the joint efforts of the Office of the Under Secretary (OUS) and Director, USPTO; Patents; Trademarks; the Office of Public Engagement; the Office of Policy and International Affairs; the Patent Trial and Appeal Board (PTAB); the Trademark Trial and Appeal Board (TTAB); the Office of the Chief Information Officer (OCIO); the Office of the Chief Administrative Officer (OCAO); the Office of Equal Employment Opportunity (OEEO); the Office of the Chief Communications Officer (OCCO); the Office of the General Counsel; the Office of the Ombudsman; the Office of Governmental Affairs; and the Office of the Chief Financial Officer (OCFO) (see Acknowledgments on page 128).

Certificate of Excellence in Accountability Reporting

The AGA awarded the USPTO its 23rd consecutive Certificate of Excellence in Accountability Reporting (CEAR®) for the agency's FY 2024 AFR. The Chief Financial Officers Council and the U.S. Office of Management and Budget (OMB) collaboratively established the CEAR® program to improve accountability by streamlining reporting and improving the effectiveness of federal agencies' reports to clearly show both accomplishments and remaining challenges.



The AGA's CEAR® award and the USPTO's 2024 AFR cover

The AGA highlighted the agency's easy-to-read, clear, concise, and informative financial and performance highlights that immediately grab users' attention; its clear and concise explanation of the USPTO's purpose, core mission, and strategic objectives, along with insight into how the agency aligns its resources and operations to achieve its goals; and its skillful use of graphics and clear language to tell users "Who we are."

YOUR GUIDE TO USING THIS REPORT

This report is organized into three major sections, and also includes an appendix with a glossary of acronyms, a uniform resource locator (URL) index, and acknowledgments.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section provides an overview of the USPTO's organization, mission, and financial framework. This section of the report also provides information on the agency's FY 2025 programs, its financial position, and summary-level performance results, along with management's assessment of the USPTO's challenges and its assurances on the agency's internal controls.

FINANCIAL SECTION

A message from the USPTO Office of the Chief Financial Officer introduces this section, followed by the agency's audited financial statements, footnotes, and required supplementary information, as well as the independent auditors' report.

OTHER INFORMATION (UNAUDITED)

This section provides a summary table of the financial statement audit and management assurances; the USPTO's top management challenges, as identified by the DOC Office of Inspector General (OIG); information about the agency's efforts to eliminate improper payments; and a discussion of matters related to the biennial review of user fees. The FY 2025 workload tables are available on the USPTO's annual reports webpage.

During a campus tour, Acting Chief Administrative Officer Anne Mendez presents a mural OCAO created a few years ago as part of a team-building activity. The mural is located on the second floor of the Jefferson Building in Alexandria, Virginia. (Photo by Amber Ostrup)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

USPTO STATUTORY MISSION AND ORGANIZATION

As an agency within the DOC, the USPTO supports the department's mission to create conditions conducive to economic growth by promoting innovation, entrepreneurship, competitiveness, and stewardship. The USPTO also supports the DOC's goal of accelerating American leadership by strengthening IP protection and U.S. economic and national security.

The USPTO's strategy is anchored by its mission to grant timely and durable patents, register timely and reliable trademarks, and promote innovation, investment, and economic growth, and its vision to create the world's greatest IP system. Its ultimate ambition is to lead the world in protecting IP in all its forms, bolster adoption of that IP in key and emerging technologies, and drive innovation, entrepreneurship, and economic growth for the benefit of all Americans.

The USPTO organization

As shown in figure 1, the Under Secretary of Commerce for IP and Director of the USPTO leads the agency. The USPTO executes its core mission through two programs: Patents and Trademarks. The Commissioner for Patents is responsible for the patent program and leads Patents. The Commissioner for Trademarks is responsible for the trademark program and leads Trademarks. The OPIA formulates U.S. domestic and international policy regarding the protection and enforcement of IP rights. Other units within the USPTO support the patent and trademark programs with cross-cutting functions like IT; human resources; financial, legal, and administrative services; and communications.

Two Public Advisory Committees (PACs) provide certain advice about patent and trademark oper-

FIGURE 1: UNITED STATES PATENT AND TRADEMARK OFFICE

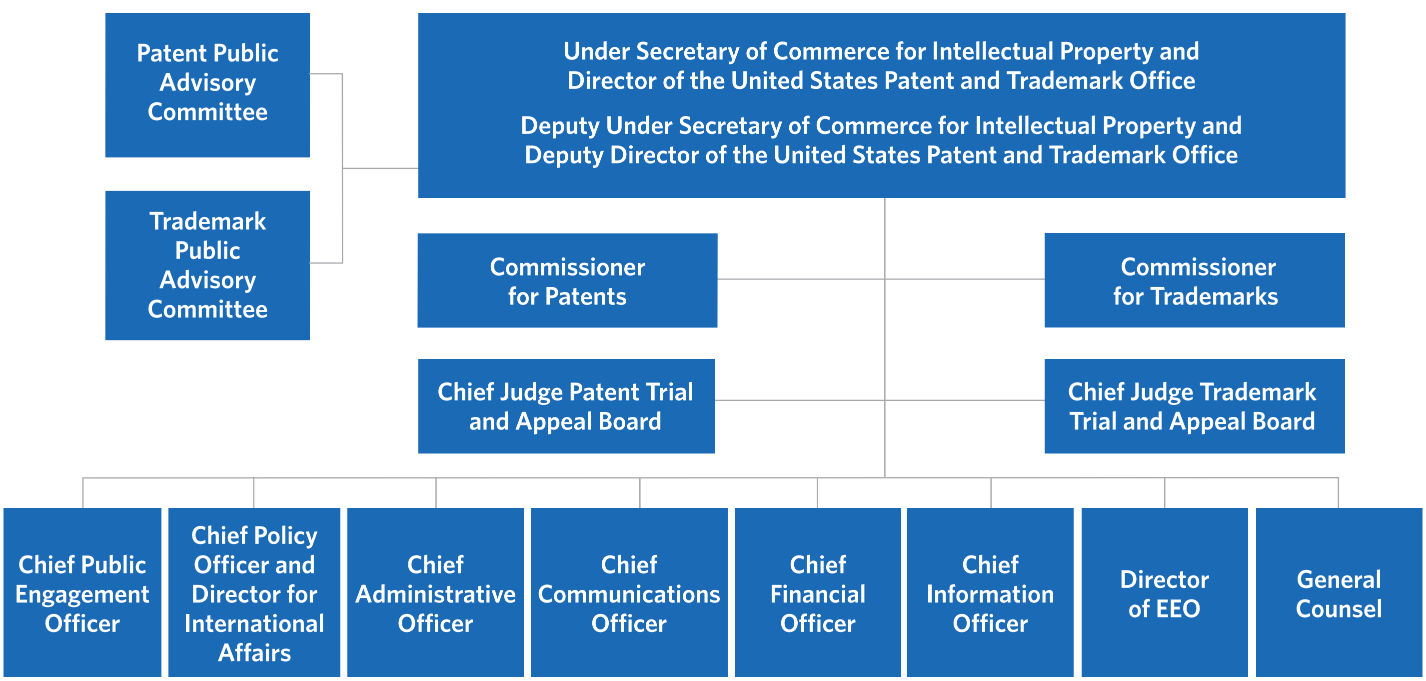
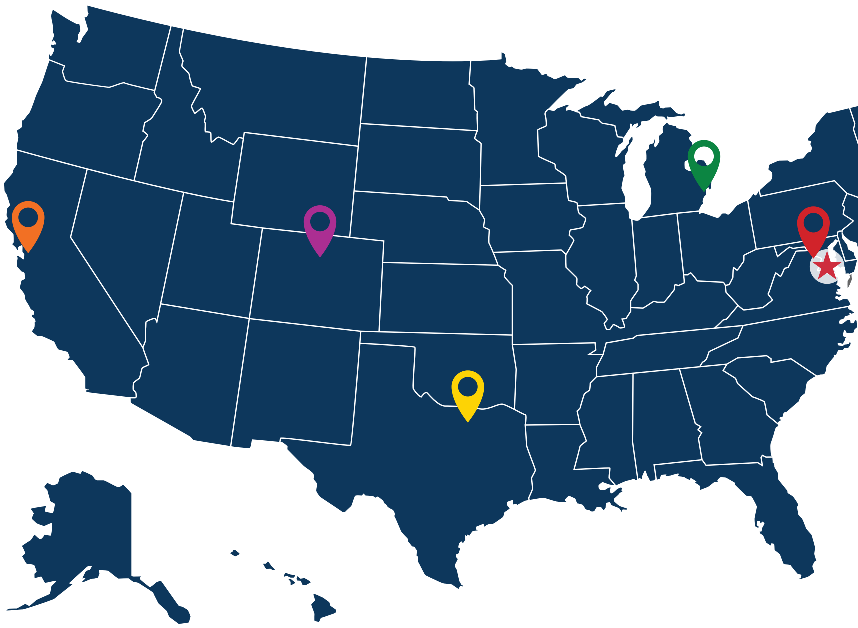


FIGURE 2: MAP OF THE USPTO HEADQUARTERS AND OUTREACH OFFICES*



- Alexandria, VA:
  - USPTO headquarters
  - Northeast Regional Outreach Office
  - Southeast Regional Outreach Office
- Dallas, Texas: Southwest Regional Outreach Office
- Denver, Colorado: Rocky Mountain Regional Outreach Office
- Detroit, Michigan: Midwest Elijah J. McCoy Regional Outreach Office
- San Jose, California: Western Regional Outreach Office
- Northern New England Community Outreach Office

www.uspto.gov/locations

USPTO headquarters USPTO office location *As of September 30, 2025*

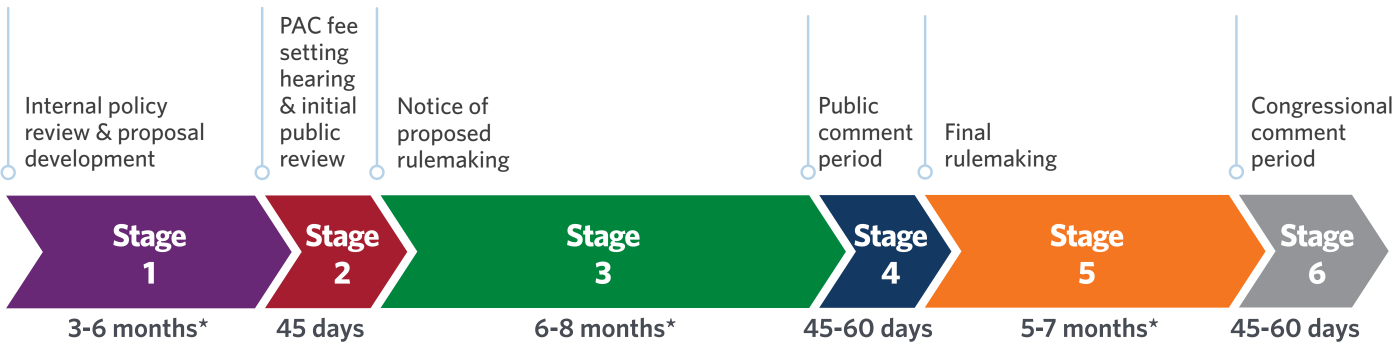
ations to the Under Secretary: the Patent Public Advisory Committee (PPAC) and the Trademark Public Advisory Committee (TPAC). These committees were created by statute in the American Inventors Protection Act of 1999 (AIPA) to counsel the management of patent and trademark operations. Consisting of U.S. citizens appointed by the Secretary of Commerce to represent the diverse interests of USPTO stakeholders, the committees review Patents and Trademarks policies, goals, performance measures, budgets, and user fees, and advise the Under Secretary on these matters accordingly.

During FY 2025, the USPTO operated a headquarters, a Northeast Regional Outreach Office, and a Southeast Regional Outreach Office in Alexandria, Virginia; four additional regional outreach offices across the nation; and one community outreach office in Durham, New Hampshire (figure 2). Along with its patent examiners and trademark examining attorneys, the USPTO's outreach offices provide inventors, entrepreneurs, and small businesses with an agency presence in every U.S. time zone.

USPTO financial framework

The USPTO's financial model is unique among government agencies. The Omnibus Budget Reconciliation Act of 1990 mandated that the agency fund its operations entirely through patent and trademark user fees, not taxpayer funds—a change implemented in 1991. In 1999, the AIPA incorporated performance-based attributes into the USPTO's operations to associate user services with user fees. For example, the USPTO has a clear statutory direction and mission statement, measurable services, and a performance measurement system that outlines the agency's performance expectations and known funding sources. In 2011, the AIA (Pub. L. 112-29) provided a mechanism for the agency to access all fees it collects, as well as providing the agency with complete fee setting authority. Both provisions are essential to the USPTO's sustainable

FIGURE 3: THE AIA FEE SETTING PROCESS



The AIA fee setting process takes approximately two years.
**The actual time varies based on a number of factors, including the complexity of the fee change proposals, the variety of public feedback, and external clearances.*

funding model. The SUCCESS Act (Pub. L. 115-273) amended the AIA to extend the agency's fee setting authority through 2026. Absent congressional action, the agency's AIA fee setting authority will expire on September 15, 2026.

Fee setting authority allows the USPTO to set and adjust fees to align aggregate revenue with aggregate costs—a critical component of the agency's ability to accomplish its mission and mitigate risk. The fee setting process begins with biennial reviews (see page 121) of current patent and trademark fee schedules, as required under the CFO Act and OMB Circular No. A-25 Revised. As part of this review, the agency evaluates its financial outlook under the existing fee schedules and thoroughly researches and analyzes proposed revisions to certain fees. The results of these reviews inform the decision to initiate the fee setting process. Since the enactment of the AIA, the agency has adjusted patent fees four times and trademark fees three times, with the most recent adjustments for both programs occurring in January 2025. The USPTO recognizes its responsibility to its stakeholders and carefully maintains a rigorous and transparent fee setting process. By design, the entire process typically takes approximately two years, as defined in the AIA and depicted by stage in figure 3.

During **STAGE 1** of fee setting, agency experts research, analyze, and develop recommendations for potential revisions and additions to the schedules based on biennial review results, an analysis of Administration priorities, and the USPTO's operating environment, strategic goals, performance results, and financial outlook. In **STAGE 2**, the agency engages with the applicable public advisory committee (i.e., the PPAC or TPAC), which then hosts a public hearing where stakeholders may offer their opinions on specific fee proposals or a general strategy for the agency's use of fee collections. The committee then issues a public report delivering comments, advice, and recommendations regarding the fee proposal. During **STAGE 3**, the USPTO considers the committees' advice and recommendations, along with public feedback, then drafts a notice of proposed rulemaking followed by another public comment period that comprises **STAGE 4**. During **STAGE 5**, the agency incorporates public feedback and updates its operational and strategic priorities, resulting in a final rule that announces a proposed implementation date following a congressional comment period (**STAGE 6**). Using fee reviews, fee setting authority, and other tools, the USPTO continuously refines and balances the aggregate revenue and aggregate costs forecasted in its multiyear plans.

Patent program

The USPTO implements the patent program through the Patents organization, led by the Commissioner for Patents, who oversees the administration of patent operations; examination policy; patent quality management; international patent cooperation; and Patents' resource, planning, and budget administration.

The primary function of Patents is examination, where patent examiners (highly skilled professionals with backgrounds in science, engineering, and graphic design or art) review patent applications to determine whether the claimed invention meets the statutory requirements for patentability, including whether the claimed invention is eligible for patent protection, adequately disclosed, and clearly defined. In addition, patent examiners compare the claimed invention to a large body of technical information to determine whether it is novel (never publicly described, used, sold, or available before) and nonobvious (something unpredictable or not readily apparent to someone of an ordinary skill level in the relevant field). Furthermore, patent examiners respond to appeal briefs on applications appealed to the PTAB and prepare preliminary examination reports for international applications filed under the Patent Cooperation Treaty. Patents also develops examination policy, patent-focused education and stakeholder outreach, and, in collaboration with the OPIA, initiatives that support international cooperation.

The patent program also includes the PTAB, an administrative body that functions similar to a court for patent matters at the USPTO. The PTAB reviews the rejections examiners issue in appeal proceedings and decides patentability questions for issued patents raised by third parties in AIA trials.

The Patents organization examines patent applications to determine whether the claimed invention is eligible for patent protection, adequately disclosed, and clearly defined.

The Trademarks organization registers trademarks, service marks, certification marks, collective marks, and collective membership marks.

Trademark program

The USPTO implements the trademark program through the Trademarks organization, led by the Commissioner for Trademarks, who oversees the administration of trademark operations; examination policy; trademark quality management; register protection; international trademark cooperation; and Trademarks' resource, planning, and budget administration.

The primary function of Trademarks is to register marks (i.e., trademarks, service marks, certification marks, collective marks, and collective membership marks) that meet the statutory requirements of the Trademark Act of 1946, as amended. The Trademark Register provides public notice of the trademark rights claimed in pending applications and existing registrations.

To execute its mission, Trademarks engages in two core practices: examining applications for trademark registration and processing filings to maintain registrations. As part of these processes, examining attorneys search electronic databases for pending or registered marks that are confusingly similar to those in a subject application; examine applications to determine if they are registrable or potentially refuse registration under specific sections of the Trademark Act; communicate findings to applicants and approve applications to be published for opposition; and examine statements of use in claims filed under the intent-to-use provisions of section 1(b) of the Trademark Act. In addition, Trademarks evaluates and approves lawful maintenance documents and trademark registration renewals. Finally, Trademarks develops examination policy and provides trademark-focused education and outreach to stakeholders.

The trademark program also includes the Trademark Trial and Appeal Board (TTAB), an administrative body that functions similar to a court for trademark matters at the USPTO. The TTAB reviews appeals involving applications to register marks, appeals from expungement or reexamination proceedings involving registrations, and various types of trial cases involving applications or registrations.

Cross-cutting, mission-enabling functions

The USPTO efficiently executes cross-cutting functions to enable the patent and trademark programs to achieve their goals. Prominent and strategic cross-cutting functions include providing domestic and global leadership in IP policy, protection, and enforcement, and maximizing efficiency to fulfill the agency's mission. For operational efficiency, the USPTO centralizes support activities necessary for mission-critical operations, such as executive direction, financial and legal services, human capital, facilities management, and management of the IT infrastructure. Significant objectives of the agency's cross-cutting functions include:

- Bringing awareness to the critical role IP plays in enhancing U.S. prosperity and security
- Promoting respect for IP at home and abroad
- Combating IP theft and foreign threats to the IP system
- Advancing a performance-based culture, promoting excellence, and attracting and retaining world-class talent
- Effectively managing user fees and making data-driven decisions
- Modernizing and efficiently deploying state-of-the art technology and AI tools
- Offering unparalleled patent and trademark customer services

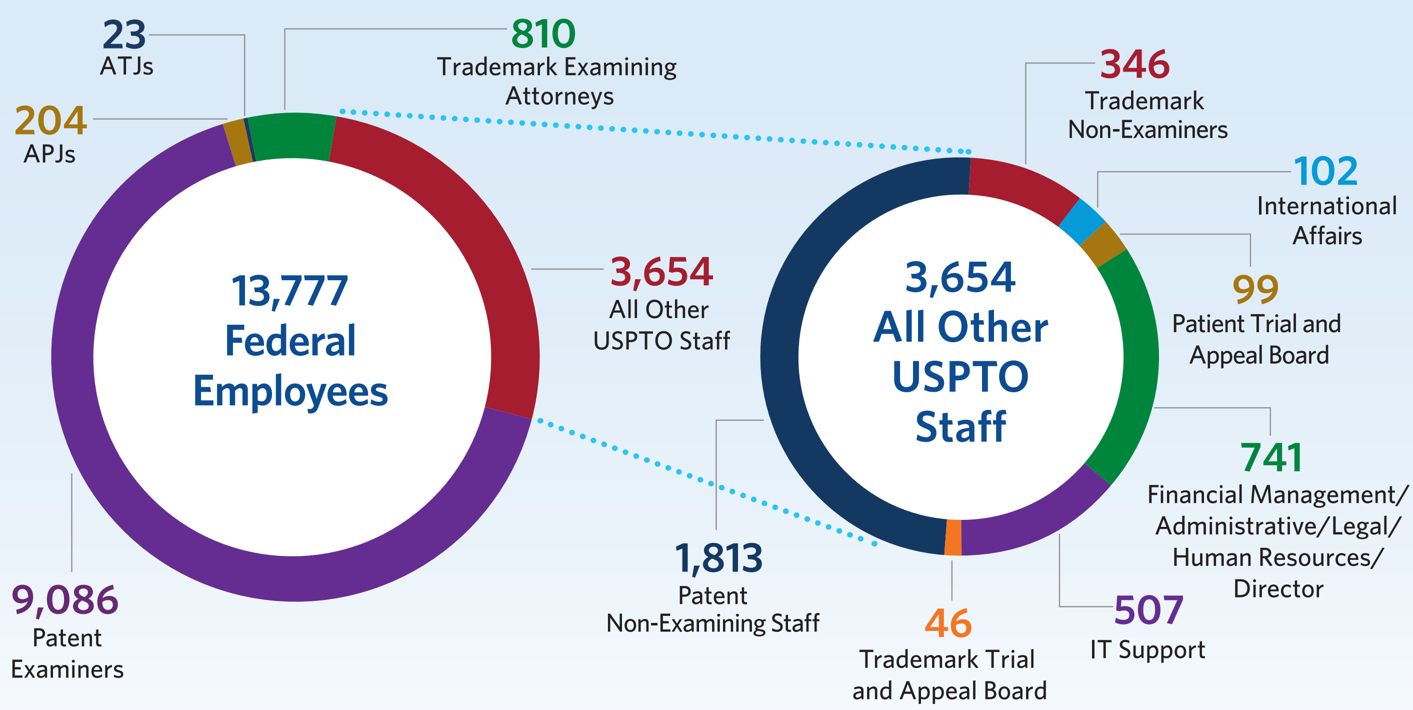
The Patent Examiner Museum at the USPTO. (Photo by Jay Premack/USPTO)

USPTO employees celebrate St. Patrick's Day by wearing green and posing outside the headquarters building in Alexandria, Virginia. (Photo by Liz Caraway/USPTO)

USPTO staffing

At the end of FY 2025, the USPTO workforce (figure 4) comprised 13,777 federal employees, including 9,086 patent examiners, 810 trademark examining attorneys, 204 administrative patent judges (APJs), 23 administrative trademark judges (ATJs), and 3,654 other staff members performing functions in areas including, but not limited to, international affairs, congressional relations, IT support, financial management, administrative duties, legal affairs, human resources, and support for the OUS and Director.

FIGURE 4: USPTO STAFFING



PERFORMANCE HIGHLIGHTS

To fulfill its mission and goals, the USPTO uses a comprehensive strategic performance framework and a quarterly internal reporting structure that guide and monitor the implementation of its objectives, initiatives, and performance measures. These measures track the agency's progress on key performance indicators, some of which are available online in the USPTO data and statistics dashboard.

The agency's patent examiners, trademark examining attorneys, and supporting employees efficiently deliver reliable patent and trademark rights. They rely on IT as a mission-critical driver to achieve the USPTO's organizational performance goals. A majority of the USPTO's costs are for personnel and IT—in the form of compensation, benefits, production incentives, IT contracts, and software and hardware to enable the patent and trademark missions.

This performance highlights section is organized by crucial areas that support the USPTO's mission.

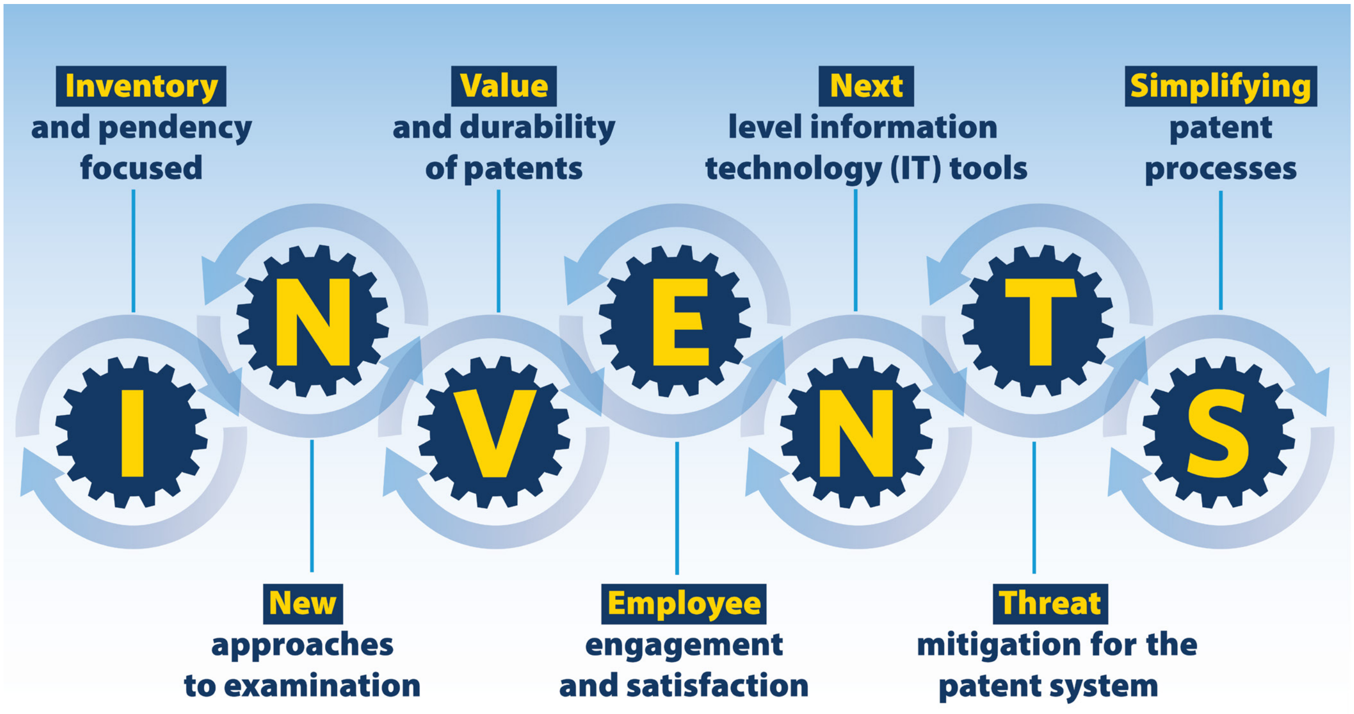
Patents

Timely and durable patents are a key driver of continued innovation, opportunity, and growth, both within the United States and worldwide. Improving patent quality and pendency (i.e., the period of time required to complete examination) remain key USPTO priorities. During FY 2025, the USPTO developed the "INVENTS" priority framework (described in the graphic at the bottom of this page), which will steer Patents' priorities going forward.

Patent pendency

Reducing the unexamined patent application inventory and improving patent application pendency are the USPTO's most pressing challenges. The agency

THE "INVENTS" PRIORITY FRAMEWORK REPRESENTS THE SEVEN KEY PRIORITIES FOR THE PATENTS ORGANIZATION



The USPTO reduced its UPR unexamined application inventory from a high of 837,928 in January 2025 to 788,229 in September 2025—a 5.9% reduction.

has implemented remarkable efforts to leverage AI tools, streamline the examination process, and increase examination output to reduce the patent utility, plant, and reissue (UPR) unexamined application inventory from a high of 837,928 in January 2025 to 788,229 in September 2025—a 5.9% reduction.

The USPTO's main driver for reducing the unexamined patent application inventory was maximizing its examination capacity. This focused effort increased patent production units while maintaining the agency's commitment to patent quality and durability. Critical steps included reducing patent examiners' nonexamination efforts and redirecting resources to the core examination mission. Since January 2025, the USPTO has taken extraordinary measures to reduce the unexamined patent application inventory, including reducing nonexamination activities by 75% and reassigning nearly 66 former examiners within the agency to the examining corps.

In May 2025, the USPTO achieved a one-week reduction in patent grant publication timelines by accelerating patent issue dates. Previously, the time between the date of issue notification and the issue date averaged three weeks. This reduction allows patent holders to bring their investments to market earlier. The agency accomplished this reduction by introducing the capability to publish grants electronically via the Patent Center; implementing eNotification, which streamlines the process of notifying applicants of office actions; and eliminating redundancies in the process between grant notification and issuance.

In April 2025, the USPTO successfully launched a new examiner award program: the Pendency Balance Award. This award specifically targets reducing the unexamined application inventory and preferentially targets higher backlog areas, utilizing the examination expertise of both primary patent examiners and supervisory patent examiners. The agency processed 22,517 new applications via the award program.

Due to these exceptional efforts, the USPTO has achieved an application examination rate greater than the rate of new application filings. In FY 2026, the USPTO will introduce a new performance measure: the patent inventory management index. The index will display inventory reductions in a given year by comparing first action output and new patent application filings. Positive values indicate a reduction in inventory and pendency gains; negative values indicate an increase in the unexamined patent application inventory. The USPTO received 475,223 serialized patent applications (new patent filings) during FY 2025, a year-over-year increase of 2.0%. To continue to meet increasing demand, Patents hired 800 new UPR examiners in FY 2025, focusing on technology areas with higher inventories and filing rates, while increasing the overall examination capacity of the corps.

The USPTO did not meet its FY 2025 key performance indicator target of 80% total PTA compliance for mailed actions (i.e., office actions or official letters mailed from patent examiners to applicants during patent prosecution) due to higher-than-expected growth in application filings and the agency's commitment to targeting the oldest pending applications. The year-end result was 74%.

Likewise, the USPTO did not meet its key performance indicator target of 81% compliance for remaining inventory (i.e., cases awaiting action from the agency) because of these same impacts, with a year-end result of 80%.

TABLE 1: PATENTS STATUTORY COMPLIANCE METRICS RESULTS

In FY 2025, the USPTO exceeded its key performance indicators for patent quality targets-Compliance with Patentability Statutes under 35 U.S.C. (Percentage)	FY 2025 Target	FY 2025 Actual
101 Invention patentability (including utility and eligibility)	94%	97.9%
102 Conditions for patentability; novelty (prior art compliance)	94%	96.2%
103 Conditions for patentability; nonobvious subject matter (prior art compliance)	92%	94.6%
112 Specification (enablement, written description, definiteness)	94%	94.8%

In FY 2026, in an effort to simplify customer-facing communications about pendency performance measurement, the USPTO will return to measuring patent pendency as the average number of months between filing and the first office action (first action pendency) and the average number of months between filing and the issuance of a granted patent (total pendency). This return to historical methods of pendency measurement will clarify performance expectations and the reliability of the agency's timeline estimates. The historical annual results of each of these measures beginning in 2015 are available on the Patents dashboard section of the USPTO data and statistics webpage.

Patent quality

The USPTO is committed to ensuring it meets the requirements for patentability, as set forth in patent statutes and interpreted by the courts (i.e., statutory compliance), for every patent. The Patents corps fulfills these requirements by maintaining rigorous patent examination quality protocols.

The USPTO has been at the forefront of adopting AI tools to improve patent examination and continues to pursue AI to assist in all stages of examination.

The USPTO did not meet its key performance indicator target of 81% for remaining inventory, with a year-end result of 80%.

On the front end, AI software such as Similarity Search (SimSearch) provides examiners with a list of domestic and foreign patent documents similar to the patent application being searched, thereby improving the retrieval of prior art. As of July 2025, examiners are required to perform a SimSearch when examining an application.

The USPTO also launched an AI-powered tool called DesignVision—the first AI-based image search tool available to design patent examiners—via the Patents End-to-End (PE2E) search suite. DesignVision is capable of searching U.S. and foreign industrial design collections using images as input queries. The tool provides centralized access to and federated searching of design patents, registrations, trade-marks, and industrial designs from more than 80 global registers. The tool also returns search results based on, and sortable by, image similarity. A patent's official record will include information identifying the application images that were included in the tool's searches, including the number of images uploaded

DID YOU KNOW?
AI-assisted examinations have led to a threefold increase in foreign patent document citations and a 10% decrease in rework when such tools are used before the first office action.

to DesignVision and search results returned by the tool. DesignVision will augment—not replace—design examiners' other search tools.

AI-powered search tools have particularly helped examiners in retrieving art, including foreign patent prior art, as evidenced by an approximately three-fold increase in foreign patent document citations in AI-assisted examinations (compared to non-AI examinations), and a 10% decrease in rework when such tools were used before the first office action.

Patent quality continues to remain strong with respect to both properly made and omitted rejections, reinforcing Patents' commitment to rigorous examination standards. Table 1 summarizes FY 2025 results with respect to statutory compliance metrics.

Every fiscal year, the USPTO randomly samples and reviews 12,000 mailed office actions for statutory compliance, producing independent metrics that reflect the work of the patent examining corps. This yearly volume provides a confidence level to identify corps-wide trends, provides TC-level insight, and facilitates timely responses to internal and external stakeholder inquiries.

DID YOU KNOW?
Patent application examination is divided among nine examining technology centers (TCs) and the Central Reexamination Unit. Each TC is led by an Assistant Commissioner and a group of Directors who have jurisdiction over certain assigned fields of technology.

Addressing fraudulent and abusive practices

The U.S. patent system gives inventors legal protection for their new ideas. This critical protection encourages investment in new technologies to advance innovation. Protecting the integrity of the U.S. patent system is a strategic priority for the USPTO, as is identifying and tackling patent fraud on multiple fronts.

In April 2025, the USPTO announced it will expand efforts to mitigate threats and protect the integrity of the U.S. patent system by establishing the Patent Fraud Detection and Mitigation Working Group. This group has been renamed the Patent Fraud Mitigation Unit and represents the agency's continued commitment to limiting improper activity in patent applications and reexamination proceedings while reducing patent application pendency.

In June 2025, the USPTO announced it will begin implementing statutory penalties for false assertions or certifications of small and micro entity status. Some entities that qualify for small entity status can benefit from an additional reduction of most USPTO fees if they also qualify for micro entity status on either a gross income basis or as a U.S. institution of higher education. As required by statute, the USPTO will assess a fine of not less than three times the amount an entity failed to appropriately pay the agency when the entity is found to have falsely made an assertion or certification of small or micro entity status, unless the entity shows it made the assertion or certification in good faith.

The USPTO will now send a combined notice and order when it preliminarily finds that a patent application or patent includes a false statement that led to an ineligible entity paying a fee at a reduced rate. The notice will explain the payment problem and ask why a fine should not be imposed. The agency will issue a subsequent notice to provide a final determination of whether it will assess a fine, as well as the fine amount based on any timely response to the combined notice and order to show cause and the record as a whole. In FY 2025, the USPTO mailed fee deficiency notices for approximately 500 applications. Of these, approximately 64% of identified applicants have paid the fee deficiency; approximately 23% have abandoned the application; a small percentage (less than 4%) successfully rebutted the initial finding that the micro entity certification was erroneous; and the remaining 9% are pending further consideration.

The USPTO introduced a modern identity verification platform, ID.me, to Patent Center users. By implementing this platform, the agency is further simplifying the application process, creating efficiencies, and bolstering enforcement against outside threats. Users may complete the ID.me verification process entirely online, eliminating the need for a notary and reducing extraneous customer costs. ID.me also substantially expedites the verification process, enabling users to complete identity verification within 30 minutes, and reduces the risk of potential bad actors fraudulently accessing accounts.

The USPTO also launched a new webpage providing a dedicated, centralized source of public information about new and potential threats in patent applications and reexamination proceedings. The agency will also share data related to its mitigation efforts. If any applicant believes that fraud is occurring in their application(s), they may contact the Patent Fraud Mitigation Unit at patentscams@uspto.gov.

Modernizing examination

To maintain its status as both a national and global leader in IP, the USPTO has an imperative to provide examiners with next-level IT tools. As discussed earlier, the USPTO is continuing to leverage new IT technologies that enhance its AI capabilities.

Patent examiners have increased their usage of existing AI platforms, including Patent Search Artificial Intelligence (PSAI) tools such as More Like This Document (MLTD), SimSearch, and DesignVision. MLTD is a one-click solution that uses AI to find similar documents in all PE2E databases, including public information. SimSearch uses AI to search for similar documents among all USPTO pre-grant publications, patents granted since approximately 1976, and pre-1976 patents digitized in optical character recognition databases, based on a patent's classification, symbols, abstract, specification, and claims. DesignVision provides a single interface for searching design patents.

The USPTO partnered with Carnegie Mellon University to empower patent examiners to handle the increasing trend of AI and machine learning (ML) in patent submissions. Through this collaboration, the agency offered a specialized, 21-course curriculum tailored to agency requirements, while also providing access to cutting-edge research and practices in AI/ML. The courses, which ranged from basic to advanced complexity, were open to all USPTO staff.

Additionally, the USPTO issued a request for information asking American industry partners to help improve patent examination processes and transform the national AI infrastructure, with goals of reducing application backlogs and protecting applicant data from domestic and foreign IP theft. The

What examiners have to say about AI training programs:

"This training series tickles my mind about AI and makes me want to do additional research to understand the concepts even better."

"For the first time ever, I feel like I can actually understand the language of AI."

USPTO is continually seeking to broaden its understanding of the commercial marketplace and how it can boost efficiencies in patent examination. A specific area of interest is acquiring additional low- or no-cost AI tools that can assist in completing specific examination-related tasks, thereby ensuring consistency across work products.

PTAB enhancements

In FY 2025, the PTAB received 1,437 AIA petitions. Of those petitions, 95% were for inter partes review, and 5% were for post grant review. Additionally, during that same period, 3,952 appeals were filed with and 5,479 appeals were decided by the PTAB, resulting in a current inventory of 3,125 pending appeals, down from over 4,652 in FY 2024.

Throughout FY 2025, the PTAB focused on identifying and implementing efficiencies to reduce overall patent application pendency, while also maintaining the high quality of its decisions and meeting statutory requirements. The PTAB shifted its goal from maintaining a 12-month average appeals pendency to achieving a 12-month maximum appeals pendency, despite the loss of over 17% of its judges to voluntary attrition and an 11% year-over-year increase in petition filings. Also, 799 requests for Director review were filed, and the agency issued 505 Director discretionary decisions through a new, bifurcated process designed to improve the PTAB's efficiency, maintain its capacity to conduct AIA proceedings, reduce pendency in ex parte appeals, and consistently apply discretionary considerations in the institution of AIA proceedings.

Trademarks

Registered trademarks play a critical role in promoting innovation across almost all sectors of the U.S. economy. The USPTO received 824,192 trademark application classes for registration in FY 2025, 57,054 more classes than the previous fiscal year.

Trademark pendency

Prior to FY 2025, there was an unanticipated surge in trademark filings. During the surge, the USPTO applied all available resources to minimize the impact of the growing inventory, and following the surge, the agency developed a comprehensive pendency reduction plan.

On September 30, 2025, unexamined inventory was 346,378 classes, a year-over-year decrease of 88,869 or 20.4%. As a result of the declining unexamined inventory, both first action and total pendency decreased to 5.6 and 11.7 months, respectively, surpassing Trademarks' FY 2025 pendency targets of 7.5 and 13.5 months. In fact, the significant decrease in unexamined inventory, driven by the USPTO's efforts to optimize efficiency, significantly boosted progress toward reducing pendency, resulting in a downward revision of the FY 2025 targets to 6.7 months and 13.0 months—which the agency surpassed for FY 2025.

The USPTO expects trademark pendency to continue declining over the next few years, with a long-term goal of reducing average first action pendency to 4.0 months. Beginning in FY 2026, the agency will introduce the trademark inventory management index, an additional measure of progress toward this long-term target. The index shows inventory reductions in a given year by comparing

Trademark first action pendency was 5.6 months and total pendency was 11.7 months, surpassing the 2025 targets of 7.5 and 13.5 months, respectively.

first action output and new application filings (i.e., first actions minus filings). Positive values indicate a reduction in inventory and pendency gains; negative values indicate an increase in the application inventory. As the trademark examining corps grows in the outyears, the USPTO expects the measure to be close to zero as examining attorney output aligns with incoming workloads.

During FY 2025, the USPTO continued to implement a multipronged approach to reduce unexamined inventory and improve trademark pendency. Trademarks welcomed one class of 59 new hires and three return hires, and also offered attorneys within the agency an opportunity to be reassigned to Trademarks as examining attorneys, managing attorneys, or senior attorneys. This initiative resulted in 23 employee reassignments to examining attorney positions.

The USPTO continued offering first action incentive awards for examining attorneys, consisting of individual monthly awards and a group award for attaining first action pendency goals for the fiscal year. The USPTO had 6.6% more first actions in FY 2025 than in the previous fiscal year.

Additionally, the USPTO implemented process improvements and efficiencies, including continuation of the new *prima facie* case examination standard for first office actions, which transitions the exceptional office action standard from the first office action to the final office action. The agency also streamlined the pre-examination process by allowing the automatic processing of additional standard character marks. Having fewer standard character marks sent for manual processing saves pre-examination process time, thereby lowering pendency. Finally, the USPTO focused the number of details and work projects to support only mission-critical activities, allowing optimized examination and the return of personnel to their primary duties.

DID YOU KNOW?
First action incentive awards have helped the USPTO complete 6.6% more trademark first actions in FY 2025 than FY 2024.

Trademark quality

Trademarks is committed to maintaining high compliance quality metrics and exceeded all quality targets in FY 2025. Compliance rates for first and final office actions were 96.3% and 98.5%, respectively, versus the targets of 95.5% and 97.0%, respectively.

Trademarks improved examination guidance by updating the Trademark Manual of Examining Procedure (TMEP) in May 2025 to incorporate precedential decisions and final rules issued since the November 2024 revision. The TMEP also incorporates Trademark Examination Guide 1-25, which contains examination procedures for implementing the January 2025 fee rule changes. Updated guidance helps examining attorneys make the correct decisions and maintain the quality of their work.

The new trademark fee rule went into effect on January 18, 2025. Besides ensuring that the USPTO maintains sufficient resources to administer the U.S. trademark system, the fee adjustments were designed to enhance the efficiency of trademark processing by incentivizing applicants to provide

Trademark compliance rates for first and final office actions were 96.3% and 98.5% at year-end, respectively, exceeding the targets of 95.5% and 97.0%.

more complete information in their applications. The new fee schedule replaced the existing application filing options in the Trademark Electronic Application System (TEAS), TEAS Plus and TEAS Standard, with a single base application fee and additional fees imposed for insufficient information and added complexity.

In conjunction with the fee rule implementation, Trademark Center became the only means for customers to apply for trademark registration. Trademark Center was designed using customer input, with goals of being user friendly, encouraging more complete applications, reducing the number of office actions issued, and saving time and resources for both customers and employees. In addition to being mobile friendly, Trademark Center auto-saves drafts and offers prompts to complete commonly omitted information. The tool also shows stakeholders the total cost of their applications. The USPTO provided training seminars and video walk-throughs to applicants upon the tool's launch.

The use of preapproved identifications increases application quality and examination efficiency. From January 18, 2025, to June 12, 2025, 1,495 entries were added to the Trademark ID Manual, including 323 entries based on identification suggestions received from the public via TM ID Suggest and 557 entries from the Madrid Goods and Services Manager.

Addressing fraudulent and abusive practices

Reports of scams targeting trademark applicants and registrants continue to rise. The USPTO, which receives reports of scams through TMScams@uspto.gov, has made considerable strides toward spreading awareness.

The USPTO continues to reach potential victims and help prevent scam victimization through the protect against trademark scams webpages, trademark videos, webinars, and social media posts. Additionally, all *pro se* filers in Trademark Center were issued a "Be Aware of Scams" email. The USPTO also provided information regarding trademark scams on the VSafe website for military veterans and to the International Association of Better Business Bureaus.

Attendees of CES 2025 visit the federal government booth at the Venetian Convention and Expo Center. (Photo by Michael Connor/USPTO)

The USPTO worked in conjunction with various federal agencies, including the Social Security Administration, on the "Slam the Scam" campaign and coordinated with other participating agencies on National Consumer Protection Week.

The USPTO is improving its enforcement of the USPTO.gov account agreement by requiring attorney-sponsored support staff to ID-verify their USPTO.gov accounts, enabling the agency to close accounts used to file submissions that violate the account agreement.

The USPTO has reports of 336 infringing domain names being used to scam its customers. The agency contacted domain name registrars to request the suspension of these domain names, and in 213 cases, domain names have been suspended or are inactive while 13 complaints are still pending.

During FY 2025, Trademark Modernization Act expungement and reexamination proceedings cleared over 62,000 goods and services from the Trademark Register that were preventing other innovators from registering their trademarks.

The USPTO also launched a new process, the Show Cause Order, that authorizes the agency to reassess decisions to register trademarks obtained by individuals or organizations that have repeatedly violated U.S. trademark laws and regulations, including the rules concerning signatures, certification, and representation of others. The first use of this authority was an order for sanctions that terminated 52,000 applications—41,500 of which were registrations—connected to a foreign filing firm.

In addition, the agency implemented a response to hijacked attorney credentials in FY 2025. By developing new IT functionality and applying the regulations on requirements for receiving a filing date (37 CFR 2.21) in a new way, the USPTO denied filing dates and serial numbers for 7,240 applications in FY 2025, the majority of which were from China. The agency also added the capability to capture a snapshot history of owner, attorney, and correspondent information for easy rollback to prior values in the event an application was successfully hijacked.

The USPTO also piloted new security measures for the TEAS forms used to abandon an application, cancel a registration, or withdraw the attorney of record. If authorization is needed, an authorization request will be sent to the prior email on record, and the recipient must approve the request before the requestor will be allowed to submit the form. After a successful initial pilot, the agency implemented phase two, which added new measures for voluntary amendments and change of address or representation forms.

Finally, the USPTO changed its post-registration audit process from randomly selected registrations to those with suspicious characteristics, thereby protecting the integrity of the trademark registration system and improving the overall accuracy of the Trademark Register.

Modernizing examination

In FY 2025, the USPTO continued to modernize its trademark-focused IT systems, making significant strides toward addressing the remaining technical debt after retirement of the legacy Trademark Reporting and Application Monitoring (TRAM) system.

The USPTO focused additional IT resources on TM Exam to reduce system downtime, latency, and system errors. The agency added a capability to TM Exam that automatically checks the status of applications in the suspension check docket, helping to determine whether the application should remain suspended or be returned to the examining attorney. This effort saves examiner time and increases efficiency.

The USPTO also updated several other IT systems, including TEAS, Trademark Status & Document Retrieval (TSDR), TM Exam, and the electronic Trademarks Official Gazette (TMOG), to reflect the fee rule changes.

To gain production efficiencies, the USPTO reduced the TMOG publication cycle from five to three weeks. By shifting the TMOG to a fully electronic platform, Trademarks was able to remove the time spent on printing and binding physical copies.

During FY 2025, the USPTO integrated Trademarks' virtual assistant (chatbot) with the externally facing Trademark Search. The virtual assistant is also available on some of the agency's most frequently visited external web pages, as well as other information sources as part of a question-and-answer system. In addition, Trademarks implemented an updated version of the TSDR, improving upon the existing version originally launched in early 2005. The agency updated the TSDR based on continual customer feedback and advancements in technology, and integrated the tool into the Trademark Search system.

During FY 2025, the USPTO laid the groundwork for migrating all "cloud appropriate" Trademarks products to the cloud by June 1, 2027, to increase resiliency and reliability.

Additionally, the USPTO has adopted a proactive stance that leveraging AI is essential to modernizing examination. For example, large language models and image recognition tools offer the potential to transform how examining attorneys approach trademark examination. Trademarks first began exploring AI initiatives before FY 2020 but temporarily decelerated those efforts as the organization prioritized reducing pendency and completing the major milestone of retiring TRAM.

In FY 2025, the USPTO took a more active position toward AI development. Trademarks' AI development to date could have future impacts on application quality, pre-examination and examining attorney processes, customer service within the Trademark Assistance Center (TAC), investigation of bad-faith filings, and knowledge management systems.

Building on this progress, the USPTO intends to continue investigating and leveraging an enhanced AI infrastructure to assist in all aspects of Trademarks' operations, from initial application through post-registration.

TTAB enhancements

The TTAB remains committed to supporting the USPTO by working to modernize and enhance the IT infrastructure to better support both customer-facing and employee-facing systems. These efforts aim to simplify how stakeholders file and manage their cases, while also enabling the TTAB to reduce manual processing, improve efficiency, and mitigate data loss.

The TTAB made progress toward its goals during FY 2025, with the phased rollout of the new TTAB Center. This tool will ultimately replace the legacy Electronic System for Trademark Trial and Appeals filing system. TTAB Center introduces smarter automation, enhanced security controls, and more flexible session management, resulting in increased operational efficiency and an improved user experience. Following the successful beta launch of the notice of opposition form and its subsequent production release, the TTAB expanded the functionality of TTAB Center by releasing the petition for cancellation form for customer feedback. The TTAB also transitioned the petition for cancellation form to production, and expects to expand inter partes filing options by rolling out new filing functions as they are developed and tested.

Looking ahead, the TTAB will remain focused on advancing the agency's initiatives and ensuring that TTAB systems are resilient, efficient, and responsive to stakeholder and employee needs. More information can be found on the USPTO's dedicated TTAB webpage.

Providing leadership in IP policy, protection, and enforcement

Promoting respect for IP at home and abroad

In an effort to engage the public and increase awareness of agency initiatives, in April 2025 the

OCCO launched USPTO Hour, a webinar series that features agency experts discussing different IP topics and sharing the latest USPTO developments. The virtual delivery of the program provides a cost-effective way to deliver education and awareness to the public. The popular series has covered a wide range of topics, including preventing fraudulent trademark filings, improving the patent inventory, and recognizing innovators. USPTO Hour has averaged 1,000-plus registrations per session (the session on AI had the most registrations at 3,909) and generated informative media coverage, amplifying agency initiatives and programs.

The USPTO's network of IP attachés and IP specialists operates from 13 posts worldwide to support U.S. IP interests and aid U.S. rights holders doing business in global markets. In FY 2025, IP attachés assisted more than 2,800 U.S. inventors and businesses, including many small and medium-sized enterprises and first-time or new-to-market exporters.

IP attachés also continued their in-person domestic outreach in FY 2025, conducting meetings with stakeholders and business groups. IP attachés conducted a series of in-person consultations and briefings in Alexandria, Virginia, and Washington, D.C., for USPTO and other U.S. government officials and stakeholders. These meetings provided an opportunity to discuss the attachés' activities in the areas of training, awareness, and advocacy overseas; report on the progress of IP enforcement in each of the attachés' respective regions; and meet with stakeholders to discuss and exchange views on relevant international IP matters and ways to collaborate.

In April 2025, the USPTO's IP attachés around the world joined local communities to observe World Intellectual Property Day by participating in panel discussions, embassy and trade association events,

Deputy Director Coke Morgan Stewart speaks at an event on Capitol Hill on April 30, 2025, to mark World Intellectual Property Day. (Photo by Jay Premack/USPTO)

and other celebrations. The theme of the 2025 event was IP and music: Feel the beat of IP.

In the United States, the USPTO joined the American Intellectual Property Law Association and the U.S. Copyright Office to host its own World Intellectual Property Day program in Washington, D.C. Deputy Director Coke Morgan Stewart gave remarks at the celebration which was held at the U.S. Capitol. On display was a series of posters the USPTO created to explain the critical role IP rights play in supporting a thriving music landscape.

The USPTO's Global Intellectual Property Academy conducts training programs for foreign IP officials, including patent examiners and trademark examining attorneys. In FY 2025, the USPTO trained more than 3,100 foreign officials who are responsible for the examination, protection, and enforcement of IP.

The USPTO also led public discussions on a number of key IP issues. In May 2025, the agency hosted the International Design Forum, which offered an overview of the treatment of industrial designs across the globe. The program consisted of three sessions

TABLE 2: KEY IP COUNTRY TEAM METRICS RESULTS

Key IP Country Team Performance Indicator met the FY 2025 target	Brazil	China	India	Overall Target
66% of prioritized countries have implemented at least 75% of action steps in the country-specific action plans toward progress along the following dimensions: • Institutional improvements of IP office administration for advancing IP rights • Institutional improvements of IP enforcement entities • Improvements in IP laws and regulations • Establishment of government-to-government cooperative mechanisms	Met	Met	Not Met	66% of prioritized countries
Percent of action steps taken	88%	75%	72%	75%

that brought together industrial design experts from the USPTO and the private sector. In September 2025, the USPTO held a symposium focusing on the convergence of trade secrets and emerging AI technologies in today's rapidly evolving marketplace. Over four sessions, experts from academia, law, and the U.S. AI industry examined the role of trade secret protection in AI development.

Engagement with international partners

The protection and enforcement of IP abroad are ongoing concerns for American rights holders and important parts of the USPTO's work. In FY 2025, the USPTO represented the United States and the interests of U.S. rights holders at a number of international organizations, including the World Intellectual Property Organization (WIPO), the World Trade Organization, IP5, TM5, ID5, the International Union for the Protection of New Varieties of Plants, the Association of Southeast Asian Nations, and the Asia-Pacific Economic Cooperation and its Intellectual Property Rights Experts Group, among others, to ensure their concerns were heard and addressed.

In July 2025, the USPTO signed statements of intent with Guatemala, Belize, and the United Arab Emirates (UAE) that will provide accelerated patent grant procedures benefiting holders of U.S. patents. The USPTO also concluded 7 cooperative memoranda of understanding with other IP offices and partner organizations during FY 2025, including agreements with the International Union for the Protection of New Varieties of Plants and the Court of Justice of the Andean Community.

The USPTO met its target in achieving a percentage of prioritized countries (Brazil, China, and India) for which IP country teams have made progress on at least three of the four performance criteria specified

> *"Our accelerated patent grant programs are critical pieces in the USPTO's international engagement strategy."*
>
> *Deputy Director* ***Coke Morgan Stewart***

HEADLINES: Protecting U.S. IP interests abroad

USPTO efforts in Thailand address concerns of U.S. rights holders

In May 2025, the government of Thailand approved the U.S.-Thailand IP Work Plan, which serves as a road map of steps that Thailand can take to be considered for removal from the USTR's Special 301 Watch List. The plan had been in negotiations for several years, and the OPIA and the IP attaché for Southeast Asia played pivotal roles throughout the process. The plan addresses key concerns of U.S. stakeholders, including Thailand's longstanding patent application backlog, rogue collective management organizations, and the need for more stringent measures against counterfeit goods and digital piracy.

Brazil grants IP stakeholders input at USPTO's urging

During the first quarter of the fiscal year, the National Institute of Industrial Property (INPI)—Brazil's IP office—and the USPTO held a technical meeting on the agency's stakeholder engagement program. As a result of this engagement, INPI launched a new initiative to seek stakeholder input on proposed changes to its patent registration platform. Brazil will now consider American IP owners' views on the development of the country's online registration system.

USPTO's anti-piracy workshops bring concrete results in Brazil

A series of anti-piracy workshops conducted by the USPTO's IP attaché in Brazil during FY 2025 delivered concrete results. Brazil's National Council to Combat Piracy reports a marked increase in IP enforcement activities. In February 2025, Brazil blocked 393 illegal websites, and in March 2025 it reported 7,931 illegal web links to the WIPO Alert system.

in the FY 2025 President's Budget. During FY 2025, the USPTO made progress on 88% of action steps for Brazil, 75% for China, and 72% for India. Table 2 highlights these results.

IP and trade agreements

In FY 2025, the USPTO supported the Administration's efforts to conclude reciprocal trade agreements with more than 50 countries by identifying key IP issues impacting each bilateral trade relationship and proposing remedial commitments.

In April 2025, the USPTO held a public hearing on the WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge. This hybrid event took place at USPTO headquarters. Previously, in January 2025, the USPTO published a Federal Register Notice soliciting input from the public on whether the United States should sign and implement the treaty. The April hearing provided an additional opportunity for stakeholders to provide input on these matters.

During the first quarter of FY 2025, WIPO held a diplomatic conference in Riyadh, Saudi Arabia, to conclude negotiations on a Design Law Treaty. The OPIA led the U.S. delegation at the conference, which represented the final stage of the treaty negotiations. At the conclusion of the conference, WIPO member states adopted the Riyadh Design Law Treaty (RDLT). The RDLT is open for signature until November 21, 2025—one year after its adoption. The treaty will take effect three months after at least 15 eligible parties have ratified or acceded to it.

Additionally, the USPTO compiled input on 47 IP-related treaties as part of the 180-day, Presidentially directed review of U.S. treaty obligations; hosted the 2025 midterm meetings of the ID5, TM5, and industry groups in San Diego, California, to continue work on aligning practices and procedures in the areas of industrial designs and trademarks; delivered opening remarks for the United States at the 66th Assemblies of the Member States of WIPO; and participated in more than 15 bilateral meetings with key IP offices on the margins of the assemblies to advance cooperation.

Combating IP theft

The scope of counterfeited and pirated goods seeking entry into the U.S. market is significant and growing. The USPTO is collaborating across the government and the private sector to address counterfeiting.

As part of these efforts, the USPTO has been working closely with the Organization for Economic Co-operation and Development (OECD) on writing the Draft Voluntary Guidelines for Countering Illicit Trade in Counterfeit Goods on Online Marketplaces. In May 2025, the USPTO published a Federal Register Notice seeking comments on the OECD draft guidelines and, in June 2025, hosted a related public roundtable at the OECD Washington Center in Washington, D.C.

In addition, the USPTO held an anti-piracy symposium on January 23, 2025, at USPTO headquarters. The hybrid program explored piracy issues affecting U.S. rights holders in industries including film, music, and publishing. Attendees heard from legal experts about the use of digital technologies to combat piracy and trace the sources of unauthorized content.

Several IP attaché offices also held anti-piracy workshops throughout the fiscal year. For example, a series of workshops organized by the USPTO IP attaché in Brazil delivered concrete results. After the workshops, Brazil's National Council to Combat Piracy reported a marked increase in recent IP enforcement activities. A similar series of anti-piracy workshops was held in Peru in FY 2025.

The USPTO assisted the Office of the United States Trade Representative (USTR) in preparing its annual review of global developments in trade and IP: the Special 301 Report. This report identifies U.S. trading partners whose laws, policies, and practices inadequately protect and enforce IP and identifies areas where U.S. persons and entities who rely on IP protection have struggled to attain fair and equitable market access. Likewise, the USPTO provided the USTR with substantive information used in compiling its annual Notorious Markets List, which highlights prominent online and physical marketplaces that reportedly engage in and facilitate substantial copyright piracy and trademark counterfeiting.

Mitigating the risk of abusive practices

In FY 2025, the USPTO established a task force to provide a unified USPTO risk response to external threats. The group identified and coordinated current and proposed strategies and implementation workstreams from across the agency. It fostered a standardized approach to communications, processes, measures, data, and tools. Learning sessions gave each program area the opportunity to learn from other areas about available and upcoming solutions, lessons learned, and past successes. The task force delivered an integrated risk profile, communications approach, and implementation road map. One of the main benefits of these activities was the identification and mapping of various USPTO data for ingestion into an AI risk prediction model. Once fully deployed, this model will score the risk level associated with submissions to the USPTO.

The Office of Administrative Services Move Team places furniture in the Jefferson Building at USPTO headquarters.

Maximizing office efficiency

Implementing Administration priorities to increase efficiencies

The USPTO is committed to maximizing efficiencies to fulfill the agency's mission through the swift implementation of Executive Orders (EOs) and other Administration priorities. The USPTO has coordinated closely with the DOC and other agencies throughout this process to ensure the United States' sovereignty over its economy and to defend and empower American companies and innovators.

In an effort to promote a return to in-person work as outlined in the January 20, 2025, Presidential Memorandum, the USPTO provided nearly 2,500 workspaces to returning employees at its headquarters campus and in its regional offices. Despite previous campus consolidation efforts that resulted in a vastly reduced campus footprint, the USPTO quickly pivoted to provide dedicated workspaces (single or double offices) to returning employees in a short time frame. The agency adopted a phased approach to calling back employees, outfitting workspaces with ergonomic furniture and functional IT equipment, resulting in an efficient transition.

The USPTO also assisted nine federal agencies in their initiatives to return to in-person work by providing 79 seats between the four USPTO regional outreach offices. This federal partnership helped the USPTO to increase the utilization of its offices while housing key remote personnel from other agencies within federal spaces.

As the USPTO quickly transitioned to on-site work, the agency recognized the need to support employees by providing continued flexibility. As part of this commitment, the agency instituted a situational telework program that allows employees to self-manage, with supervisory approval, a bank of 52 teleworking hours per year. This program provides employees with increased flexibility in their schedules, allowing them to attend personal appointments or other obligations without commuting.

The USPTO also launched several initiatives to revitalize its Alexandria, Virginia, campus. The agency hosted several employee town halls, including a visit from Secretary of Commerce Howard Lutnick, and business unit-specific events with Deputy Director Coke Morgan Stewart featuring live question-and-answer sessions.

To further support the return to in-person work and the agency's examiner hiring goals, the USPTO focused on creating a fully on-site training model. With limited training space available at the headquarters campus, the agency reconfigured tables, task chairs, and tablet-arm chairs, as well as audiovisual support, to meet requirements for small-group collaboration and large lecture spaces. These cost-effective efforts maximize the number of new employees the agency can train at one time and support the increased hiring and condensed training model that will ultimately bolster pendency reduction.

The USPTO is committed to implementing the Administration priority [Implementing the President's 'Department of Government Efficiency' Workforce Optimization Initiative](). Throughout FY 2025, the agency worked to maximize efficiencies and focus human capital on its core mission.

To assist in implementing this EO, the USPTO created training that allows managers to have meaningful conversations about the performance and conduct of its probationary staff. This time-driven process ensures that leadership continuously engages with employees and communicates the expectations they must meet to be successful federal employees at the USPTO. To optimize efficiency, the agency is creating a no-cost automated system, based on an existing tool, that will track probationary employees and their eligible review periods, while documenting the approval process with senior political leadership as outlined in the EO. This use of automation is another example of how the USPTO is optimizing technology to streamline processes and lessen the administrative burdens on leadership.

Prior to the town hall with USPTO employees, Secretary of Commerce Howard Lutnick toured the National Inventors Hall of Fame Museum and viewed the USPTO's historical collection of curiosities, which includes memorabilia, patent models, and office supplies. (Photo by Jeff Isaacs/USPTO)

The Administration issued numerous EOs that focused on cost efficiency, accountability, and protecting America's bank account. While 81% of the USPTO's financial profile is direct personnel costs and those costs in support of the workforce, the remaining 19% is earmarked primarily for allocated IT and other contracts directly supporting the patent and trademark statutory mission.

The USPTO reviewed every contract, agreement, or other spending line item in support of the Implementing the President's "Department of Government Efficiency" Cost Efficiency Initiative EO. This comprehensive spending review refocused the agency's spending plans to priorities that promote efficiency and advance Administration policies. A key principle throughout the review and approval process was to renegotiate terms to maximize the value of goods and services. Likewise, the USPTO improved payment procedures by requiring a written payment justification along with the certification of receipt of goods and services. Also, in support of this EO and the EO on Eliminating Waste and Saving Taxpayer Dollars by Consolidating Procurement, the USPTO conducted a thorough review of contracting policies, procedures, and personnel. This review found that the agency has standardized its procurement functions to be executed in the most efficient and effective manner possible.

In support of the EO on Protecting America's Bank Account Against Fraud, Waste, and Abuse, the USPTO reevaluated its financial management systems and operations to ensure continued financial integrity and operational efficiency as transactions flow into and out of the Department of the Treasury. The agency also upgraded its financial system to place it on Treasury's Financial Quality Service Management Office (QSMO) standard systems. The USPTO is the first federal agency to use Treasury's QSMO acquisition vehicle as part of a shared marketplace for financial management offerings. Finally, while 99% of agency receipts and 97% of agency payments are processed electronically, in accordance with the EO on Modernizing Payments To and From America's Bank Account, the USPTO continues to review all paper-based transactions to reduce unnecessary costs, delays, and risks of fraud, lost payments, theft, and inefficiencies. As of September 29, 2025, the USPTO eliminated all paper check disbursements, unless a valid exception applies.

Workforce

With a focus on a performance-based culture, the USPTO has taken several steps to ensure supervisors and managers have the tools they need to hold their employees accountable. In spring 2025, the agency held mandatory performance manage-

Deputy Director Coke Morgan Stewart and the USPTO leadership team host an informal meetup in the lower atrium on the first day of the staff's return to headquarters. (Photo by Michael Connor/USPTO)

Cherry blossoms come into peak bloom at USPTO headquarters. (Photo by Jay Premack/USPTO)

ment training that provided in-depth guidance on motivating and encouraging employees' professional growth while executing the USPTO mission. This training was attended by approximately 1,000 supervisors who were directed to meet with all of their employees, regardless of their performance, more frequently and provide opportunities for improvement. Opportunities for continued growth conversations varied but ranged from enhancing problem-solving skills to identifying gaps in technical knowledge and optimizing processes to save time and resources while maximizing efficiency. In addition to delivering the training, the Office of Human Resources (OHR) provided time for leadership to engage in a question-and-answer session so this initiative could be implemented immediately.

To further a culture of performance management and accountability, the USPTO is in the final phase of transitioning its performance management system to a completely electronic system. The transition to paperless performance management is one example of how the agency will enhance the user experience by using automation to streamline administrative processes.

The USPTO also made a commitment to implementing quality measures to certify the accuracy and currency of employee personnel records. OHR reviewed more than 3,500 electronic personnel files and made nearly 1,000 updates. This "quality first" initiative supports the USPTO's commitment to providing its workforce with world-class customer experience (CX).

The USPTO also remains committed to supporting employee engagement efforts through expanded internal communications. Communications Connect, a weekly newsletter from the OCCO that launched in summer 2025, includes interactive storytelling, historical anecdotes, trivia, and various updates on activities and exhibits around the Alexandria, Virginia, campus. A new video series features original video content mixed with inventor interviews, employee profiles, social media reels, and other agency highlights. Additionally, the Campus Monitor project shows employees in action and expands the size of the PTOWeb Photo Gallery to include more opportunities to highlight the agency workforce. The USPTO Speaker Series gives employees the opportunity to connect and engage in personal development by learning from inventors, prominent members of the IP community, and USPTO leaders and business units. Meanwhile, the weekly message from USPTO leadership updates all employees on agency efforts, initiatives, and developments.

The first new class of patent examiner hires in 2025 attended new employee orientation and took the oath of office. This was the first post-COVID orientation to be held in person. (Photo by Jeff Isaacs/USPTO)

Bolstering examination capacity

The USPTO established an impressive goal to hire 1,100 patent examiners in 2025, along with an additional 1,500 in 2026, across various engineering and scientific disciplines. To reach this goal and comply with the Merit Hiring Plan established by the Office of Personnel Management (OPM), the agency implemented several hiring process enhancements. The USPTO used TalentNeuron, a global labor market and talent intelligence software platform that provides workforce analytics and skills insights to help organizations make strategic decisions about their talent acquisition and workforce planning. The use of this tool allows the USPTO to promote and attend select college career fairs and conferences to attract top talent interested in patent examiner positions.

In July 2025, the USPTO hosted USPTO Career Day, a new event that introduced attendees to IP, provided support in resume building and using the USAJobs portal, offered a career panel question-and-answer session, and showcased the USPTO's beautiful campus and its amenities. By hosting on-site events, the USPTO hopes to broaden its talent pool by targeting potential applicants from state and land-grant universities, religious colleges and universities, community colleges, the American Legion, 4-H youth programs, and military and veteran associations, as outlined in the Merit Hiring Plan.

The USPTO also streamlined its recruitment processes to meet the 80-day hiring timeline, improving efficiency and CX. One such improvement was the introduction of the video interviewing platform HireVue into the recruitment process. The USPTO also uses this system to allow applicants to schedule live interviews themselves, removing the administrative burden of coordinating and scheduling thousands of interviews and providing greater opportunity for applicants to engage with the agency.

The USPTO also introduced several new touchpoints throughout the hiring process to ensure applicants know their status in the recruitment process. The agency launched the Candidate Care Team, which ensures applicants have a positive experience, get the assistance they need to address questions, and can troubleshoot issues within the recruitment and onboarding processes. This team helps to ensure that applicants complete the onboarding process in a timely manner and meet all onboarding requirements.

In addition, the USPTO kicked off its inaugural Accepted Day. This exciting event provides incoming patent examiners the opportunity to hear from agency leadership, meet their peers in an informal setting, and learn more about their future work, providing another touchpoint in the onboarding process. Accepted Day creates opportunities for new patent examiners to network with their colleagues and leadership while fostering a culture of connection to the agency and its mission. The agency hosted four sessions with more than 500 participants during FY 2025.

To support the office's priority to get back to basics by focusing on the core mission of examination and reducing pendency, the OHR helped manage the patent examiner, trademark personnel, and supervisory patent examiner reassignment program. This program allowed former examiners to opt for reassignment to production-based positions. This successful program returned over 100 employees to production roles. Given the success of the first initiative, the agency reopened the opportunity early in the fourth quarter of the fiscal year, resulting in 15 additional production-based reassignments.

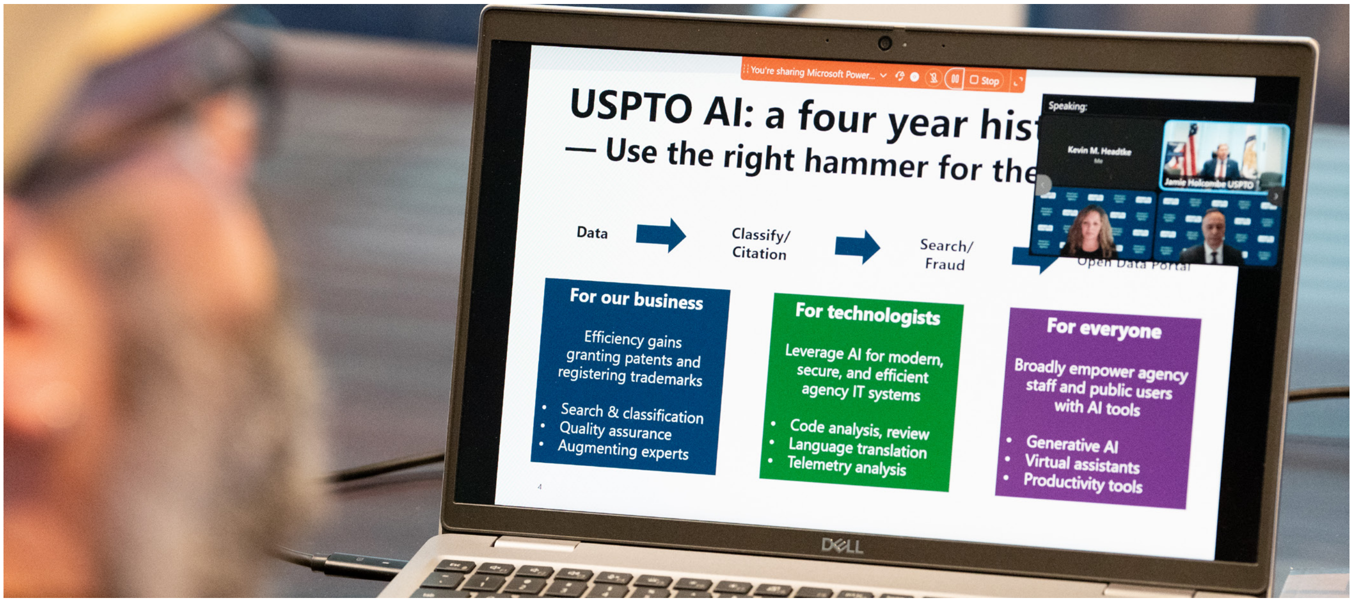
Modernizing information technology

The USPTO continued to make substantial progress toward delivering IT that meet the agency's goals of greater resilience, enhanced security, higher throughput, scalability, increased capabilities and efficiencies through Agile maturity, improved maintainability, and an overall better and more efficient experience for employees and customers. Despite inflationary pressures, the agency kept IT costs flat as it achieved this progress and made transformational changes such as retiring legacy systems and moving to the cloud.

In FY 2025, the USPTO retired 52 legacy patent, trademark, and corporate and infrastructure support systems and continued to deliver modernized solutions via cloud-based applications. Of significant note, the agency migrated Patent Center to the cloud—an effort that included the adoption of high-performance and cost-efficient database technology and improved security measures. This action drastically increased the agency's readiness to implement "authentication for all" across the patent ecosystem.

The USPTO took advantage of software-as-a-service solutions that provide efficiencies for modernization efforts and eliminate the need for many standalone systems. These solutions include updated call center technology and a case management capability that meets the needs of many agency business units. The USPTO also continues to find efficiencies through promoting sharing and re-use of software code, artifacts, and best practices that accelerate the efforts of IT delivery teams and provide built-in security. Of significant note is the delivery and initial adoption (over 34%) of standardized and automated software deployment pipelines (reference pipelines) that enforce substantial pre-deployment security checks and enable rapid updates, at scale, in the evolving world of cybersecurity.

The reference pipeline is also foundational to the FY 2025 pilot on continuous authority to operate (cATO). cATO aims to bring real-time risk assessment to IT operations; to ensure only secure features are deployed into production environments in support of data and user security; and to streamline cybersecurity compliance activities. Streamlining cybersecurity compliance through cATO will reduce or eliminate the burden and cost



Behind the scenes of the USPTO Hour on AI, hosted by the OCIO. The event focused on how USPTO teams are driving AI innovation and seizing new opportunities to apply the best of American AI in support of the agency's mission. (Photo by Jay Premack/USPTO)

of manually collecting security data and reviewing security documentation. Early pilot results demonstrate employees spend significantly less time on the compliance process when using cATO.

Other examples of how the USPTO has delivered IT more efficiently include its leveraging of AI to promote workplace efficiencies and usage of AI coding assistance to reduce some of the more labor-intensive aspects of software coding.

The USPTO continues to prioritize cybersecurity, as demonstrated through the cATO pilot; the full implementation of zero-trust foundations such as secure access service edge, which also helped the agency avoid $8 million in costs; a technology refresh of specialty routers; the rigorous pursuit of vulnerability resolution; and the adoption of stronger preventive measures via cloud native technologies (i.e., technologies built entirely on the cloud and only relying on cloud-based components to operate) that improve visibility across the IT landscape.

Additionally, the USPTO is maintaining its focus on resiliency, scalability, and maintainability by retiring legacy systems and pursuing modern, reusable technology, including replacing the costly Solr search with OpenSearch across systems. The agency conducted reviews across many new cloud-based systems to ensure they provide a high level of availability with minimal downtime and have the ability to recover from disasters efficiently. This effort included performing robust resiliency testing to ensure systems can be recovered quickly in the event of an incident, and that they behave as designed under pressure. The USPTO also completed the separation of the Alexandria and Manassas, Virginia, data centers and significantly decreased data-center-based storage—efforts that reduce the USPTO's dependence on aging and costly technology.

The USPTO is also investing in understanding the operational availability of its most important IT assets. Uncovering deficiencies allows the agency to steer resources toward targeted improvements while providing end users with excellent experiences via continuous employee equipment refreshes. Successful service-level efforts in FY 2025 included an upgrade to Windows 11 and a 98% customer service satisfaction rating for the USPTO's high-performing IT service desk.

Notable achievements that improved program operations in FY 2025 included the retirement of the Patent Application Location and Monitoring legacy system, which resulted in significant licensing contract savings; the deployment of ID.me registration as part of an "authentication for all" initiative; a 77% reclamation of storage for the Patent Trial and Appeal Case Tracking System footprint; and the integration of Global Dossier search results into Examiner Search. Additionally, the agency completed cloud migrations for the Patent Contents Management, Sequence Listing Information Control, Supplemental Content Viewer, Publication Site for Issued and Published Sequences, and customer-facing interface of TTAB Reading Room systems.

Data protection

In FY 2025, the USPTO continued to implement the encryption of data at rest (i.e., stored in a database and not in transit between devices or networks) for all production cloud and on-premises data, per directives contained in the Improving the Nation's Cybersecurity EO. To improve resiliency, security, and availability, the USPTO fully transitioned all user laptop and profile data to Microsoft OneDrive, and the agency is in the process of migrating all on-premises network team shares to SharePoint. OneDrive and SharePoint offer employees the ability to apply security and retention labels to encrypt, share, and access data from any USPTO-approved device.

At the beginning of FY 2025, the USPTO operated 8.75 petabytes of on-premises storage. Through the retirement of legacy applications and systems, along with the transition to cloud native technologies, the agency realized a 4.09-petabyte reduction in on-premises data (leaving 4.66 petabytes). This reduction in storage allows the USPTO to better focus on cloud migration and modernization initiatives that increase the security, resiliency, and recoverability of agency data. These efforts also increased product teams' visibility and the transparency of on-premises IT operations, allowing teams to plan better, cheaper, and smarter cloud deployment and sustainment strategies.

Data cataloging and governance

In FY 2025, the USPTO made significant strides toward advancing data governance and strengthening its approach to managing Data as an Enterprise Asset (DaaEA). Building on prior efforts, the agency expanded its data cataloging initiatives to improve the visibility, accessibility, and traceability of critical data assets across the enterprise, empowering employees to discover, access, curate, manage, and integrate the data they need in a timely manner and to use it in decision-making.

This effort included the onboarding of new data domains, enhancement of metadata quality, and establishment of stewardship protocols to support informed decision-making. To foster a culture of responsible data use, the USPTO launched targeted training and data literacy programs that equipped employees with the knowledge and tools to effectively navigate data governance principles. Cross-office collaboration reinforced the agency's efforts as business units partnered to formalize a governance framework that aligns with the agency's strategic priorities, promotes data integrity, and enables unified oversight of data assets. Collectively, these initiatives support the USPTO's commitment to modernizing data management with AI-ready data, improving operational efficiency, and delivering greater value to the public.

Leveraging AI and automation beyond examination

In alignment with EOs and OMB mandates, the USPTO expanded its virtual AI Lab, which provides a safe space for employees to explore new AI technologies. This expansion included enhanced access to a broader range of frontier AI models developed in the United States.

The agency began testing a generative AI web application designed to boost employee productivity across diverse use cases such as analyzing and summarizing documents, software code, images, and videos; drafting new content; or updating existing materials. The results of early tests were encouraging, and plans to broaden access to this tool across the agency are underway.

Additionally, the USPTO launched several efficiency-focused AI pilot initiatives. One pilot provided AI code assistance tools to assist software developers in accelerating the migration of applications from the USPTO-managed data center to the cloud. Another pilot aimed to improve the agency's cybersecurity posture by providing AI-assisted capabilities to cybersecurity teams. These initiatives underscore the USPTO's strategic approach to leveraging AI and automation to strengthen functions beyond patent and trademark examination.

Customer engagement

Since 2019, the OMB has designated the USPTO a high-impact service provider (HISP) because the agency grants patents and registers trademarks. The agency's CX Division coordinates these activities across the USPTO and liaises with the OMB. As an HISP, the USPTO has several legislative responsibilities, as outlined in the 2025 Government Service Delivery Improvement Act. These responsibilities include continuously measuring the CX of USPTO services and developing public action plans to improve the delivery of services to stakeholders.

In FY 2025, the USPTO conducted nine ongoing surveys and gathered over 80,000 responses to measure CX. Approximately 82% of customers reported that they trusted the USPTO to grant patents and register trademarks in accordance with U.S. laws and regulations, well exceeding the target of 65%.

When asked about their satisfaction throughout the trademark registration process, such as applying in Trademark Center or navigating the website, 75% of respondents indicated positive satisfaction; 75% of patent customers indicated positive satisfaction in seeking assistance when filing a patent application. Both programs exceeded their targets of 70%.

Of the customers who received help from a trademark contact center employee, 78% found the employee to be helpful or very helpful, while 82% of patent customers indicated the employees they interacted with were helpful—above the targets of 75%.

In FY 2025, the USPTO met two key commitments from its public action plans: encouraging first-time filers to take part in a faster patent application process to bring their ideas to market sooner, and replacing an outdated system with modernized trademark application forms to support business owners, entrepreneurs, and practitioners in the application process.

Surveys conducted during FY 2025 indicated 86% of customers were satisfied with USPTO-hosted events. The overall net promoter ratio was 19:1, reflecting that 19 participants were likely to recommend the event to others for every one participant who was not. Most participants reported that the event was worth their time (82%), well organized (73%), and clearly presented (73%).

The percentage of customers who trust the USPTO to grant patents and register trademarks in accordance with U.S. laws and regulations was ***82%****, exceeding the target of* ***65%****.*

When asked about their satisfaction:

75% *of respondents indicated positive satisfaction throughout the trademark registration process, exceeding the* ***70%*** *target.*

75% *of patent customers indicated positive satisfaction in seeking assistance when filing a patent application, exceeding the* ***70%*** *target.*

Of the customers who interacted with an employee, ***82%*** *and* ***78%*** *for Patents and Trademarks, respectively, found the employee to be helpful or very helpful—above the targets of* ***75%****.*

The USPTO expanded its national network of Patent and Trademark Resource Centers (PTRCs) to 102 in FY 2025. The agency reached a milestone achievement when PTRCs opened in the U.S. Virgin Islands and at Oregon State University, filling a critical need in their respective geographical areas. There are PTRCs in 48 states, Puerto Rico, and the Virgin Islands with trained librarians who can help innovators turn their dreams into reality.

The USPTO implemented a uniform, agency-wide tool that standardizes processes and data collection for outreach events and stakeholder engagements, while replacing outdated measurement approaches. These robust data analytics will consistently capture reach, demographics, and customer feedback. This data-driven approach will allow the USPTO to reallocate resources, prioritize high-impact activities, and respond quickly to shifting stakeholder needs.

Performance measurement reporting process

The USPTO Annual Performance Plan, in conjunction with the FY 2025 President's budget request, includes performance measures and annual targets the agency uses to track its progress toward achieving its strategic goals and objectives.

While formulating the budget, USPTO program subject matter experts review and adjust performance measures to ensure they adequately capture progress toward the agency's strategic goals and facilitate improvements in program performance, objectives, and outcomes. Senior leadership tracks, monitors, and discusses implementation and performance quarterly. Many agency metrics are viewable online in the USPTO's data and statistics center. A summary of FY 2025 year-end performance results is shown on the inside of the front cover of this report.

Verification and validation of performance data

The USPTO requires complete, accurate, and reliable performance data to assess the agency's progress toward its strategic objectives and performance goals, and to make sound management decisions. Most USPTO employees work under production-based performance management systems to meet demand and achieve organizational performance goals. Employee performance is measured by comparing the amount and quality of work an employee produced in a given period to the amount and quality of work the agency expected the employee to produce.

The USPTO operates within a performance-based process that uses quantitative and qualitative measures and standards to evaluate cost effectiveness. Employee production data (planned and actual) feed the complex organizational production models the agency uses to determine the level of resources and costs needed to deliver on organizational performance commitments. The USPTO's approach to verifying and validating performance data, which is intended to improve accuracy and reliability, includes:

1. Developing performance measures through strategic planning and annual performance planning.
2. Confirming, via the USPTO's program managers, that procedures are in place to ensure data is accurate and that performance measurement sources are complete and reliable. Agency program managers follow a standardized reporting procedure to document detailed information about each performance measure, with information including (but not limited to):
    - Performance measure definitions
    - Performance measure rationale
    - Data sources
    - Data collection and computation methods
3. Monitoring and maintaining automated systems and databases that collect, track, and store performance indicators. USPTO program managers and IT product owners with IT staff are responsible for these tasks. These automated systems typically evaluate data against expected results for reasonableness, consistency, and accuracy. Cross-checks between other internal automated systems also provide assurances of the data's reasonableness and consistency. In addition to internally monitoring each system, experts outside the business units routinely monitor the data collection methodology.
4. Tasking the OCFO with monitoring the USPTO's performance, providing direction and support on data collection methodology and analysis, ensuring data quality checks are in place, and reporting performance management data. During FY 2023, in collaboration with the program managers, the OCFO reviewed the processes and internal controls in place to verify and validate the performance measures, with no issues noted. These processes and controls have remained comparable through FY 2025.
5. Periodically verifying and validating performance measures to ensure quality, reliability, and credibility. At the beginning of each fiscal year and at various points during the reporting or measurement period, the USPTO reviews and adjusts sampling techniques and sample counts to ensure data are statistically reliable for making inferences about the population as a whole. Teams also conduct data analyses to assist the business units in interpreting program data, such as identifying statistically significant trends and underlying factors that may affect a specific performance indicator.
6. Analyzing progress toward performance measure targets and broader progress toward achieving the agency's strategic goals and objectives. The USPTO also discusses program risks and develops mitigation strategies.

These procedures ensure the performance data the agency reports are complete, accurate, consistent, and reliable, as appropriate for their intended use, and that internal controls are maintained and functioning as intended.

Commissioners' performance for FY 2025

The AIPA, title VI, subtitle G, also known as the Patent and Trademark Office Efficiency Act, requires the establishment of annual performance agreements between the Commissioner for Patents, the Commissioner for Trademarks, and the Secretary of Commerce. Commissioners for Patents and Trademarks appointed by the Secretary of Commerce each have performance agreements with the Secretary of Commerce that outline measurable organizational goals and objectives for which they are responsible. The commissioners may be awarded a bonus (up to 50% of their base salary, so long as it does not exceed the aggregate salary limitation equivalent to the Vice President's salary) based on a performance evaluation defined in the agreement. As of the close of FY 2025, both commissioner positions were vacant and the roles of the commissioners were being performed by individuals in acting capacities.

FY 2025 bonus information was not available at the time this report was published, but the USPTO will document these results in the FY 2025 Annual Performance Report and FY 2027 Annual Performance Plan (APPR), as well as the FY 2026 AFR. For FY 2024, the Commissioner for Patents received a bonus of 18% of the base salary. The FY 2023 appraisal period for the Commissioner for Trademarks was extended to cover October 1, 2022, through March 31, 2024. The Commissioner for Trademarks received a bonus of 27% of the base salary.

Performance audits and evaluations

The DOC OIG completed and issued two final audit reports pertaining to the USPTO for FY 2025:

- "USPTO Should Address Risks to Its Pendency Reduction Efforts for Trademark Applications," issued in October 2024 with six recommendations for corrective action to mitigate the audit findings, five of which remain open.
- "USPTO Should Improve Governance to Promote Effective Oversight of Its Artificial Intelligence Tools," issued in April 2025 with five recommendations for corrective action to mitigate the audit findings, all of which remain open.

In addition, recommendations remain open from the following previously issued DOC OIG reports:

- "Inadequate Management of Active Directory Puts USPTO's Mission at Significant Risk," from which one of eight recommendations remains open.
- "A 3-Year Exposure of Privacy Act-Protected Data Revealed USPTO Mismanagement in Safeguarding the Sensitive PII of Trademark Filers," from which two of nine recommendations remain open.

The USPTO does not consider the open recommendations from the OIG reports to be the result of any material weaknesses in internal controls. The agency is implementing corrective actions to address the recommendations in these reports.

The Government Accountability Office (GAO) issued one new audit report for the USPTO during FY 2025: "Intellectual Property: Patent Office Should Strengthen Its Efforts to Address Persistent Examination and Quality Challenges." In response to public inquiries, USPTO published a response to this report in May 2025, including agency comments and appendices. The eight recommendations from this report remain open. One of two recommendations remain open from the March 2023 GAO report "Intellectual Property: Stronger Fraud Risk Management Could Improve the Integrity of the Trademark System."

FINANCIAL HIGHLIGHTS

Similar to a private-sector business, the USPTO finances its operations solely through user fees. These fees support the USPTO's work in creating the world's greatest IP system. Total fee collections correlate with demand for the agency's products and services, and the USPTO routinely forecasts both demand and anticipated fee collections to plan for and manage annual operating expenses. These forecasts are inherently uncertain, as economic conditions can be unpredictable, and actual demand for patents and trademarks may be higher or lower than projected. The USPTO must maintain operations and meet actual demand regardless of the accuracy of these forecasts. To mitigate the risk of this uncertainty, the USPTO routinely updates forecasts, tracks operational and financial performance, and monitors changes in the economy. The agency also maintains operating reserves in accordance with best practices to mitigate the impacts of demand and revenue volatility.

The USPTO received an unmodified (clean) audit opinion from KPMG LLP, an independent public accounting firm, on its FY 2025 financial statements—the agency's 33rd consecutive unmodified audit opinion. This outcome provides independent assurance to the public that the USPTO's financial statements are fairly presented in all material respects and conform to accounting principles generally accepted in the United States. In addition, KPMG LLP reported no material weaknesses or significant deficiencies in the USPTO's internal control, and no instances of noncompliance with laws and regulations affecting the financial statements. The full opinion is published in the Financial Section of this report; see Other Information for the Summary of Financial Statement Audit and Management Assurances.

The financial highlights presented in this section provide an analysis of the information that appears in the USPTO's FY 2025 financial statements (amounts may vary slightly due to rounding). The USPTO's financial management processes comply with laws and regulations; its internal controls over financial reporting are effective; and agency leaders routinely receive complete and dependable financial decision-making information. These financial statements and highlights are components of the USPTO's objective to continually improve the accuracy and usefulness of its financial management information, decision support, and analyses to realize the OCFO's mission of delivering business solutions to enable mission outcomes.

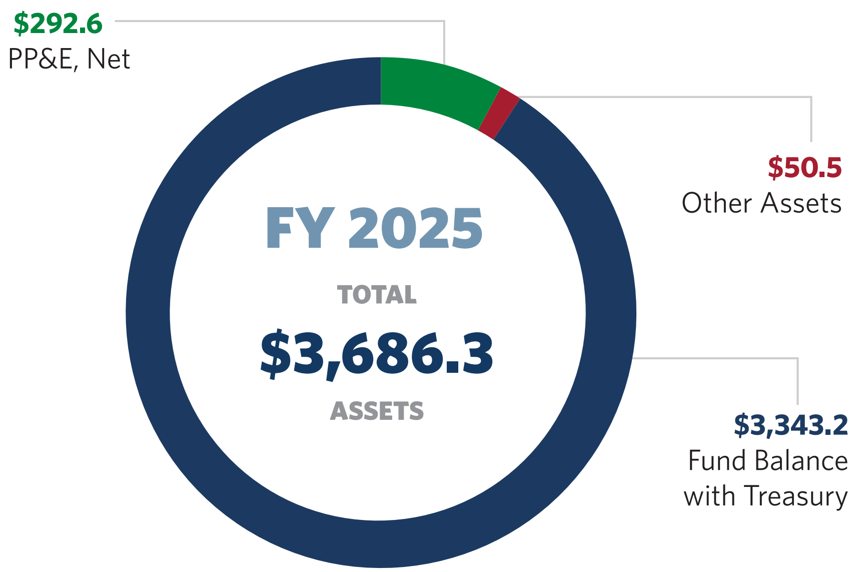
Balance Sheet and Statement of Changes in Net Position

At the end of FY 2025, the USPTO's Balance Sheet (see page 74) presented total assets of $3,686.3 million; total liabilities of $2,216.1 million; and a net position of $1,470.2 million.

Assets

The agency's largest asset balance is the Fund Balance with Treasury at $3,343.2 million, followed by Property, Plant, and Equipment (PP&E), Net at $292.6 million. Figure 5 shows the composition of assets during this period.

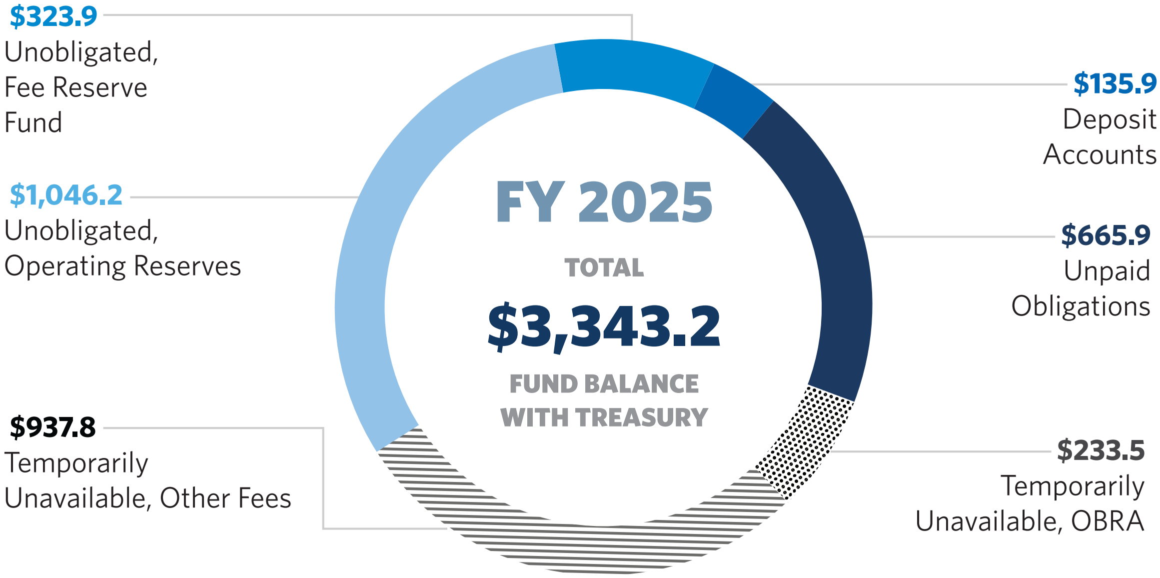
FIGURE 5: COMPOSITION OF ASSETS *(dollars in millions)*



Fund Balance with Treasury

The Fund Balance with Treasury is the single-largest asset on the Balance Sheet and represents 90.7% of the agency's total assets at the end of FY 2025. The Fund Balance with Treasury comprises fees the USPTO collected between FY 1992 and FY 2013 that have not been authorized for spending through the annual appropriations process. Of this amount, $790.1 million are previously collected fees for patent and trademark services provided to customers; $147.7 million are patent and trademark sequestered funds pursuant to the Consolidated and Further Continuing Appropriations Act, 2013 (Pub. L. No. 113-6); and $233.5 million are surcharge collections from patent customers withheld under the Omnibus Budget Reconciliation Act (OBRA) of 1990 deposited in a special fund receipt account at Treasury. These funds require congressional appropriation before the USPTO may use them. The Fund Balance with Treasury also includes funds held on deposit for customers of $135.9 million that are not available for the USPTO to use for operations. The Fund Balance with Treasury components that are available for USPTO to use include obligated funds not yet disbursed of $665.9 million and appropriated but unobligated funds carried over (i.e., operating reserves) of $1,370.1 million. See Note 2 (page 85) and Note 7 (page 88) for additional information. Figure 6 shows the composition of the Fund Balance with Treasury during this period.

FIGURE 6: COMPOSITION OF FUND BALANCE WITH TREASURY *(dollars in millions)*



Operating Reserves

As required by 35 U.S.C. § 42(c)(3), the USPTO maintains and tracks two distinct operating reserves—one derived from patent fees for patent operations, and one derived from trademark fees for trademark operations. Table 3 shows the composition of operating reserves during this period.

TABLE 3: COMPOSITION OF RESERVES *(dollars in millions)*

	FY 2025		
	Available Operating Reserves	Fee Reserve Fund	Total Reserves
Patent	$ 867.9	$ 278.6	$ 1,146.5
Trademark	178.3	45.3	223.6
USPTO total	$ 1,046.2	$ 323.9	$ 1,370.1

The operating reserves contain available and unobligated fees carried over from one year to the next that are available for agency use without further congressional appropriation. The operating reserves are a critical financing mechanism to bridge differences in daily fee collections and costs, while also mitigating external financing risks. The operating reserves enable the USPTO to finance agency operations in a variety of scenarios, including when fee collections are partially or wholly unavailable (e.g., continuing resolution, lapse in appropriation, etc.); fee collections are lower than expected (e.g., unexpected economic downturn or unanticipated legislative changes); demand for patent and/or trademark services unexpectedly increases, resulting in higher-than-planned spending requirements to address increases in work volume (e.g., unexpected economic upturn); and other unanticipated spending requirements necessary when USPTO operations exceed planned estimates (e.g., increased operating costs due to inflationary pressures or unanticipated government-wide pay raises).

As part of normal financing operations, the USPTO typically relies on the operating reserves more heavily at the beginning of a fiscal year. For example, this situation may apply when new fee collections are unavailable due to a continuing resolution, while awaiting reprogramming approval for prior-year fee collections in the Patent and Trademark Fee Reserve Fund, and for other obligations that coincide with the start of a new fiscal year. The USPTO relied on the operating reserves to maintain daily operations at the end of FY 2025, when actual fee collections exceeded the appropriated amount and were required to be transferred into the fee reserve fund. The USPTO maintains its operating reserves within a designated operating range—above minimum levels but generally at or below optimal levels—to enable the service-level performance targets it communicates to its stakeholders. The financial risk for executing the USPTO mission at planned performance levels is directly tied to the operating reserves: risk is higher when balances are closer to minimum levels and lower when balances approach optimal levels. Stakeholders rely on the agency to execute on planned performance at established service levels to bring innovative ideas to market and secure the United States' competitive advantage.

The USPTO recognizes that the operating reserves' mitigative uses may change over time due to economic volatility, variability in filings and revenue collections, external and internal enterprise risk, or operational reasons. Therefore, the USPTO annually assesses risk, including forecasted cash flow and any planned use of operating reserve funds, as part of the budget process. In accordance with the USPTO's operating reserve policy, at least every three years the USPTO assesses the overall risk environment, including various risk factors such as economic and funding uncertainty, fee structure balance, and the the agency's high percentage of fixed costs, to reevaluate the appropriate operating range for both operating reserves.

For FY 2025, the patent operating reserve targets were a minimum of 8% of total planned spending (or one month of operating expenses) and an optimal of 22% of total planned spending (or about three months of operating expenses). The minimum trademark operating reserve target was 23% of total planned spending (or about three months of operating expenses), and the optimal target was 50% of total spending (or six months of operating expenses).

The USPTO maintained both operating reserve balances above minimum planning levels during FY 2025: $319 million minimum for patents, and $132 million minimum for trademarks.

FIGURE 7: PATENT RESERVES *(dollars in millions)*

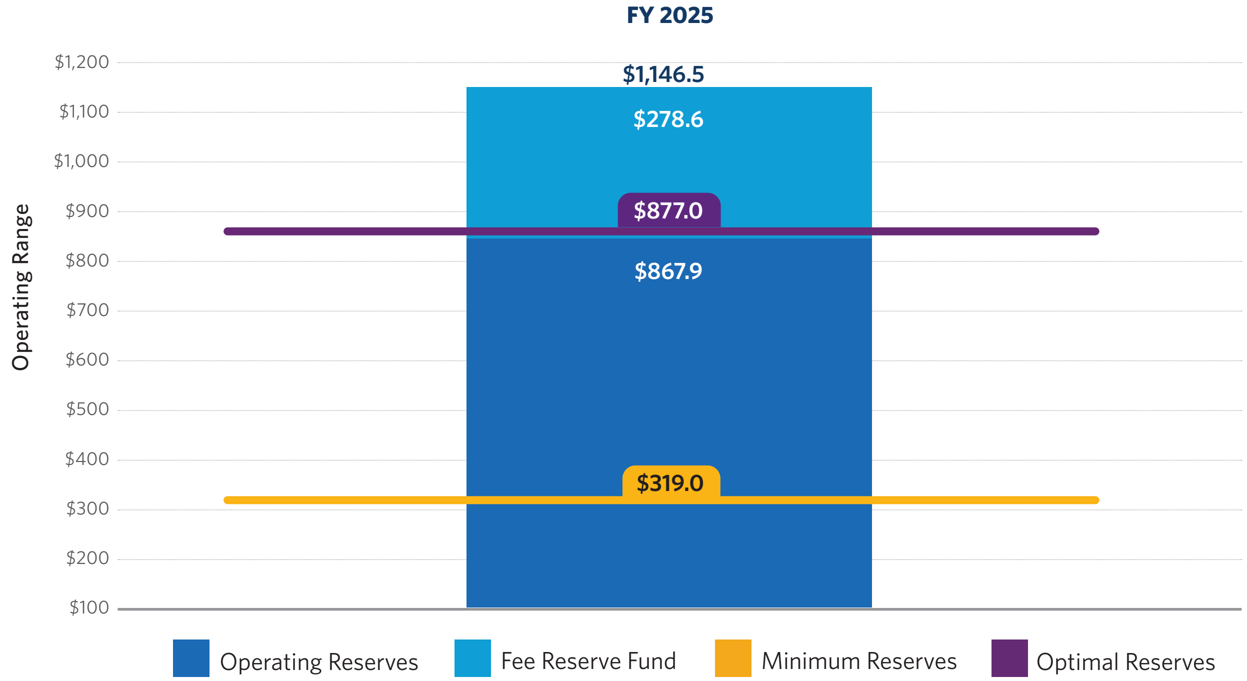
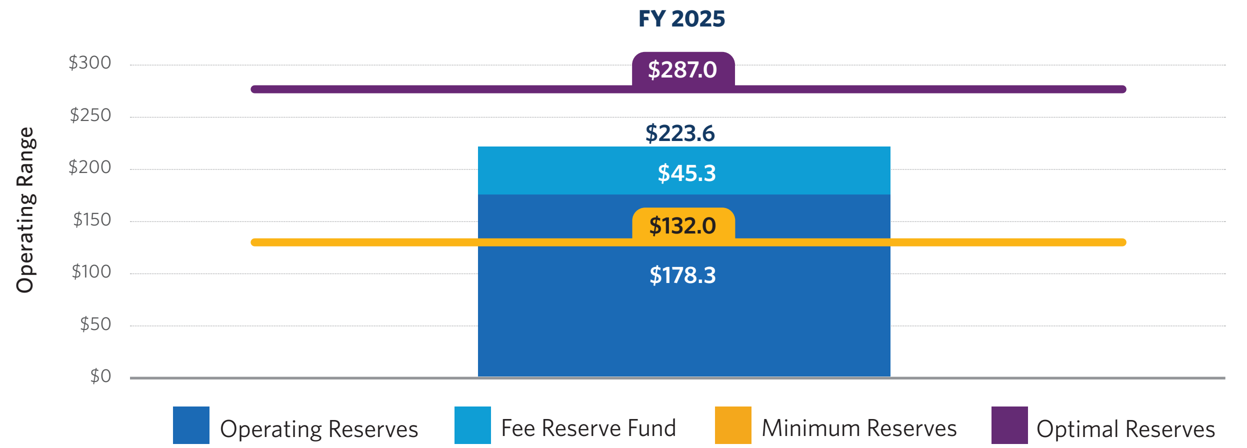


FIGURE 8: TRADEMARK RESERVES *(dollars in millions)*



Patent and Trademark Fee Reserve Fund

The FY 2025 enacted appropriation for the USPTO was $4,195.8 million. All fees the USPTO collects up to its annual appropriation are available for obligation, and fees collected in excess of the appropriated amount are deposited into the fee reserve fund. At the end of FY 2025, the USPTO collected more fees than the appropriated amount. As a result, $278.6 million in patent fee collections and $45.3 million in trademark fee collections were deposited into the fee reserve fund. The FY 2025 appropriation authorized the USPTO to spend those fees without further appropriation. However, the USPTO cannot use fee reserve fund deposits immediately; thus, fee reserve fund balances do not mitigate short-term operational financing risks. The agency must notify Congress, using the congressional reprogramming process, before it may use fee reserve fund deposits to finance USPTO operations.

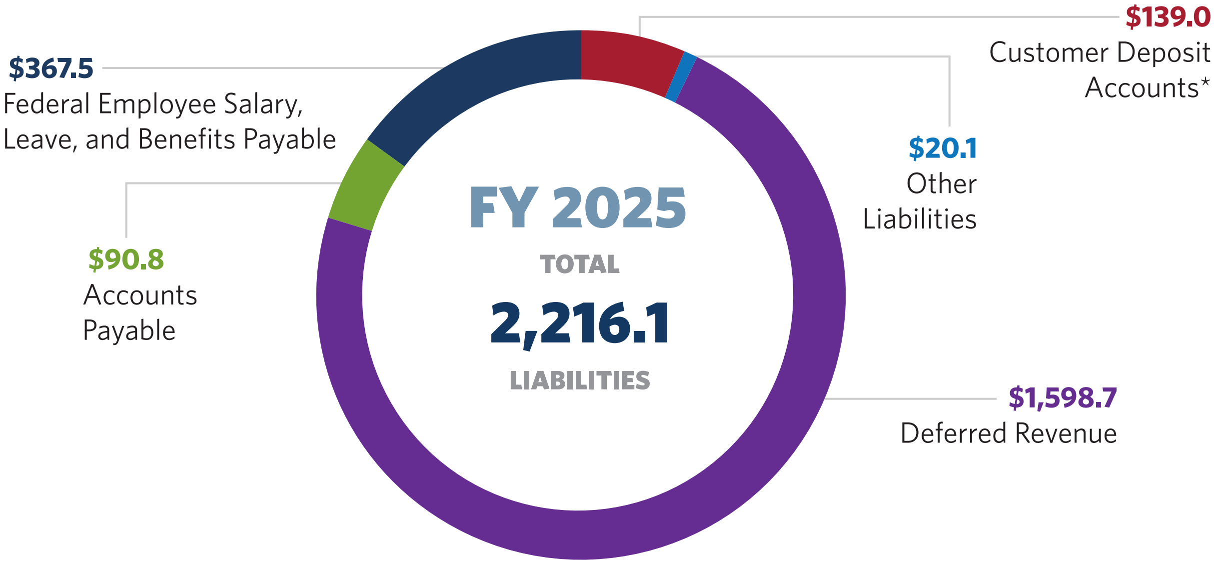
Property, Plant, and Equipment

The USPTO's second-largest asset is PP&E because, as a production-oriented entity, the agency relies on IT to enable every aspect of its operations. The quality, efficiency, and productivity of patent and trademark operations correlate with the performance of their respective IT solutions and the underlying infrastructure on which they operate. The USPTO continuously invests in its business systems and the supporting IT infrastructure to keep pace with emerging operational, legislative, and judicial needs, as well as constantly evolving technological standards. During FY 2025, USPTO IT product modernizations focused on the deployment of cloud-based solutions that improve reliability, offer stronger cybersecurity protection and an enhanced user experience, maximize process efficiencies, and embrace emerging technologies. These continued investments led to increases in software and software-in-development acquisition values, representing 83.3% of the agency's total PP&E, Net at the end of FY 2025.

Liabilities

The agency's largest liability balance is Deferred Revenue at $1,598.7 million, followed by Federal Employee Salary, Leave, and Benefits Payable at $367.5 million. Figure 9 shows the composition of liabilities during the period.

FIGURE 9: COMPOSITION OF LIABILITIES *(dollars in millions)*

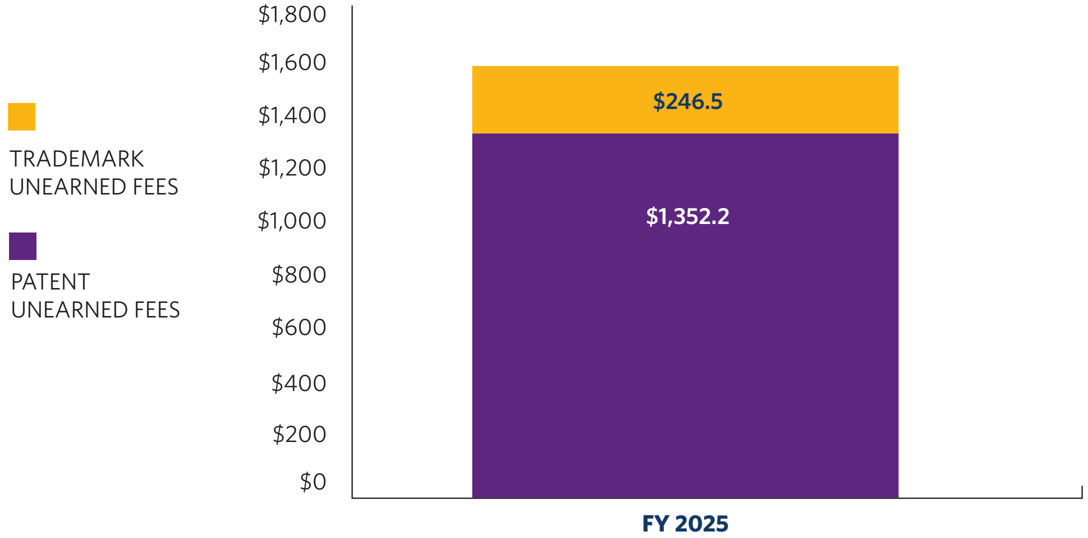


**Includes undeposited collections of $3.1 million*

Deferred Revenue

The USPTO's Deferred Revenue (i.e., fees collected for services not yet provided) is the largest liability on the Balance Sheet and represents 72.1% of the agency's total liabilities at the end of FY 2025. The agency estimates deferred revenue liability by analyzing the operating process required to complete each fee service. To estimate deferred revenue liability, the USPTO applies the percentage of incomplete work from the pending inventory and total completion status relative to fee collections. Figure 10 depicts the composition of agency deferred revenue liability of $1,598.7 million during this period, including unearned patent and trademark fees; 84.6% of this liability is unearned patent fees. As the USPTO continues to reduce the unexamined application inventories, deferred revenue will decrease with it. See Performance Highlights (page 18) for more information.

FIGURE 10: DEFERRED REVENUE LIABILITY *(dollars in millions)*



Deferred revenue at the USPTO is largely impacted by changes in patent and trademark filings, as well as unexamined patent and trademark inventories at applicable fee rates. Increases to these drivers result in increases to deferred revenue.

In the estimates that support the FY 2026 President's Budget, the USPTO projects that serialized patent application filings will increase 1.5% in FY 2026. The agency projects year-over-year improvements in unexamined patent inventory, with a consistent reduction in unexamined inventory in the near future. This decrease in unexamined inventory will result in a decrease in patent deferred revenue.

The USPTO anticipates trademark application filings will remain at historical growth rates into the future and expects that, at current examination rates, it will achieve its long-term first action pendency and unexamined inventory per examiner targets within two years. As unexamined trademark application inventory declines, trademark deferred revenue will have a corresponding reduction.

The Statement of Changes in Net Position (see page 76) presents changes to the USPTO's financial position due to results of operations (discussed in the next section), primarily annual net income and/or annual net costs.

Statement of Net Cost

The Statement of Net Cost (see page 75) presents the USPTO's results of operations according to the patent and trademark programs. This presentation, delineated by the two patent and trademark program responsibility segments, allows for clear alignment of the USPTO's budget plans and results of operations.

Table 4 presents the USPTO's net cost of operations for this period. During FY 2025, the agency generated a net cost of $196.1 million due to increased personnel services and benefit costs greater than the increase in earned revenue.

TABLE 4: NET COST *(dollars in millions)*

	FY 2025		
	Program Cost	**Earned Revenue**	**Net Cost**
Patent	$ 4,052.2	$ (3,856.4)	$ 195.8
Trademark	567.1	(566.8)	0.3
Total	$ 4,619.3	$ (4,423.2)	$ 196.1

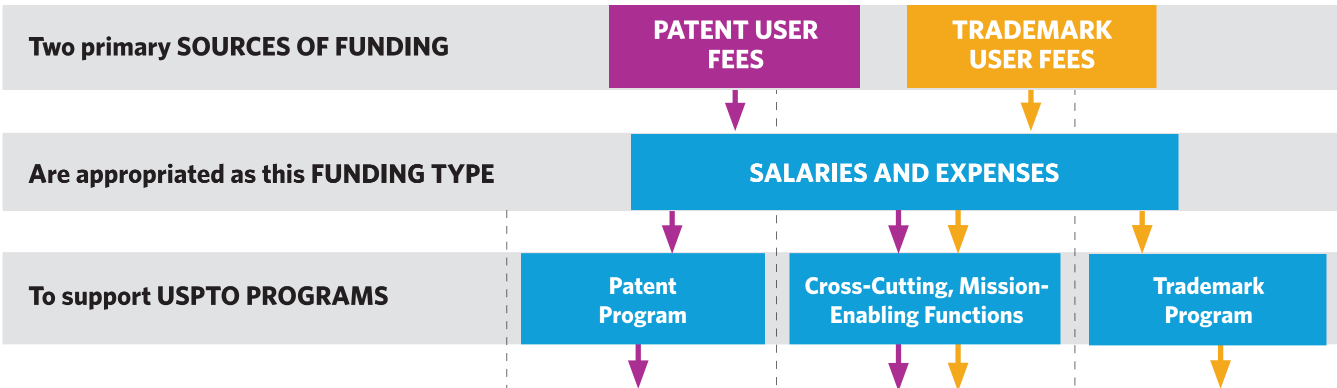
The Statement of Net Cost compares earned revenue (fees) to costs incurred during a given fiscal year. It is not necessarily an indicator of net cost or net cost over the life of a patent or trademark. Instead, net income or net cost for the fiscal year is dependent upon work completed over various phases of the examination life cycle. The net cost calculation reports fees earned during the fiscal year regardless of collection date. Maintenance fees largely determine total net income or net cost, as the agency considers these fees to be earned immediately. For example, maintenance fees collected in FY 2025 represent patents issued 3.5, 7.5, and 11.5 years ago that customers have elected to renew, rather than a reflection of patents issued during the year. Trademark renewal fees reflect trademarks registered between nine and 10 years ago, 19 and 20 years ago, 29 and 30 years ago, etc. These fees can have a significant impact on matching costs and revenue for the purpose of the Statement of Net Cost.

Earned Revenue

The USPTO derives earned revenue from fees collected for patent and trademark products and services. The agency recognizes fee collections as earned revenue when it completes the activities that accomplish the work associated with the fee. The agency adjusted patent fees effective January 19, 2025, and trademark fees effective January 18, 2025.

Figure 11 shows USPTO funding sources and how the agency uses each to deliver its mission and goals, thereby recognizing earned revenue.

FIGURE 11: USPTO FUNDING SOURCES

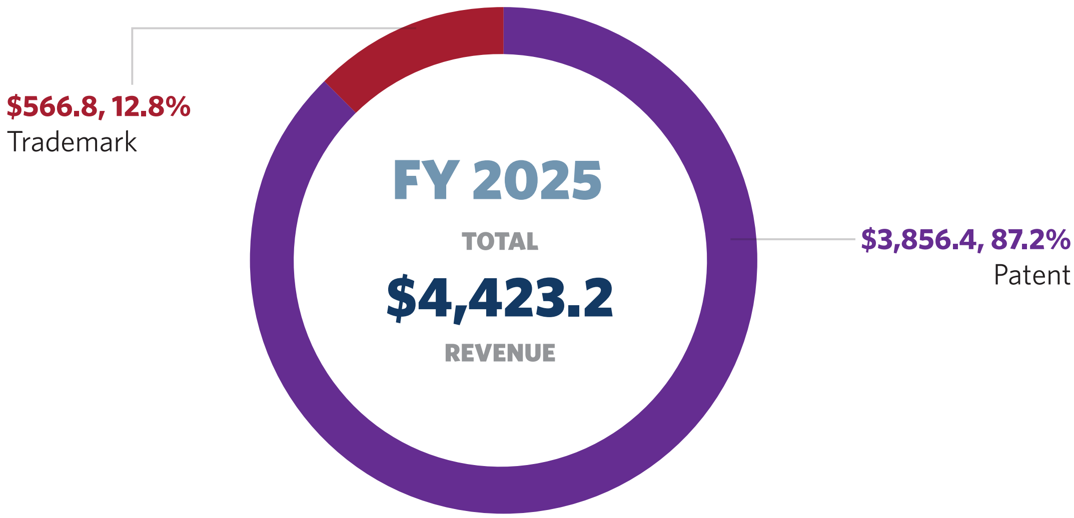


WHICH SUPPORT THESE CRUCIAL AREAS THAT FURTHER THE USPTO'S MISSION

	Patent Program	Cross-Cutting, Mission-Enabling Functions	Trademark Program
Patent quality and timeliness	✓	✓	
Trademark quality and timeliness		✓	✓
Providing leadership in IP policy, protection and enforcement	✓	✓	✓
Maximizing office efficiency	✓	✓	✓

During FY 2025, the USPTO's earned revenue totaled $4,423.2 million. Of FY 2025's earned revenue, $893.9 million derived from fees collected in a prior fiscal year with associated work performed during FY 2025; $2,060.9 million comprised maintenance and renewal fees collected during FY 2025 (earned immediately at the time of receipt); $1,466.9 million from fees collected and work performed during FY 2025; and $1.5 million from other reimbursable amounts.

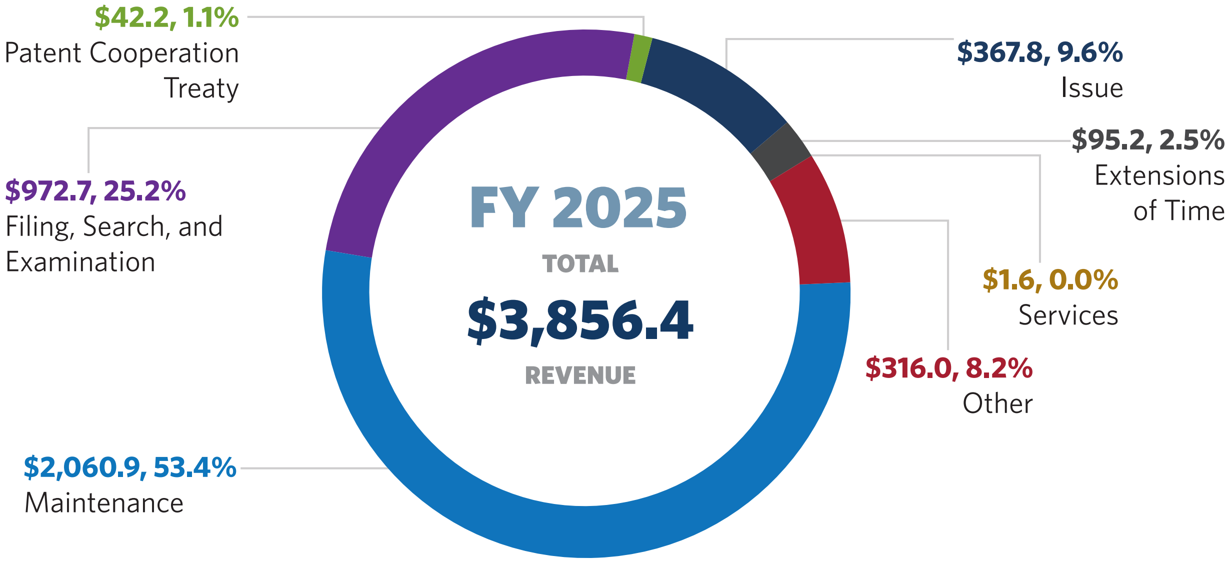
FIGURE 12: FY 2025 EARNED REVENUE *(dollars in millions)*



Patents

Traditionally, the major components of earned revenue derived from patent operations are maintenance fees; initial application fees for filing, search, and examination; and issue fees. These fees account for approximately 86.9% of total patent income. Figure 13 depicts shares of patent revenue by the most significant patent fee types.

FIGURE 13: FY 2025 PATENT EARNED REVENUE BY FEE TYPE *(dollars in millions)*



Patent maintenance fees are the USPTO's largest source of earned revenue by fee type. To maintain exclusive rights, a patent holder must pay maintenance fees at three separate stages: 3.5, 7.5, and 11.5 years from the patent's issue date. Failure to pay these fees results in a lapse in patent protection, and the rights provided by the patent are no longer enforceable, returning the patent to the public domain for follow-on innovation. Maintenance fees may be paid during a "window period," the six-month period preceding each due date.

Additionally, maintenance fees may be paid, with a surcharge, during the "grace period," the six-month period immediately following each due date. If a patent holder does not pay these fees in a timely manner and wants to have their rights reinstated, they must submit a petition and pay the requisite fees. The USPTO immediately recognizes maintenance fees as earned revenue, and fluctuations in both the timing of renewal payments and renewal rates could have a significant impact on the agency's total earned revenue. Table 5 depicts renewal rates for all three stages of maintenance fees based on the fiscal year of issue.

TABLE 5: USPTO RENEWAL RATES

Utility Patent Issue Date	Utility Issues	First Stage Renewal Rate	Second Stage Renewal Rate	Third Stage Renewal Rate
2004	169,295	87.3%	70.2%	47.6%
2005	151,077	86.7%	69.6%	46.3%
2006	162,509	85.1%	67.1%	44.4%
2007	160,306	86.2%	67.3%	44.3%
2008	154,699	87.5%	67.0%	43.4%
2009	165,213	87.1%	66.2%	41.6%
2010	207,915	86.1%	66.2%	43.0%
2011	221,350	85.6%	65.1%	42.6%
2012	246,464	85.4%	64.7%	42.0%
2013	265,979	85.9%	64.2%	41.6%
2014	303,930	86.4%	65.4%	
2015	295,460	86.3%	66.5%	
2016	304,568	86.3%	66.1%	
2017	315,367	85.8%	65.2%	
2018	306,912	86.6%		
2019	336,844	87.4%		
2020	360,771	87.0%		
2021	338,333	86.7%		

Note: First stage refers to the end of the fourth year after the initial patent is issued; second stage refers to the end of the eighth year after the initial patent is issued; and third stage refers to the end of the 12th year after the initial patent is issued. For example, 86.7% of the patents issued in 2021 paid the first stage maintenance fee. Past years' data may be revised from prior year reports.

In the 1980s, the USPTO implemented a congressionally-mandated fee structure that created maintenance fees intended to help recover total USPTO costs while keeping financial barriers to accessing the patent system low. This design sets initial filing fees below the full cost of performing the agency's examination work and defers payment through maintenance fees as the invention returns revenue to the inventor. Should the invention prove to have little commercial value, the inventor has the option of permitting the patent to expire, thus avoiding all further fees. Annually, maintenance fee revenue helps to recover the remaining aggregate examination costs of performing the work, thereby providing the necessary aggregate financing to fund operations (i.e., the revenue from maintenance fees allows the agency to recoup costs incurred during the initial patent examination process).

The forecasting of maintenance fee revenue is important to the USPTO's financial sustainability and includes two important components: historical patents issued (that is, production work performed by USPTO 3.5, 7.5, and 11.5 years earlier, based in part on actual application filing volumes in those and previous years), and future renewal trends driven by maintenance fee payment behaviors. Data on the number of patents issued in the past is certain and helps mitigate risk in forecasting future revenue. The USPTO closely monitors payment behaviors and renewal trends (both renewal rates and payment timing) to forecast maintenance fee revenue. A patent owner's decision to renew may be influenced by many factors, including federal court decisions, IP budgets, the patent's perceived value, the USPTO's fee rates, and the economy.

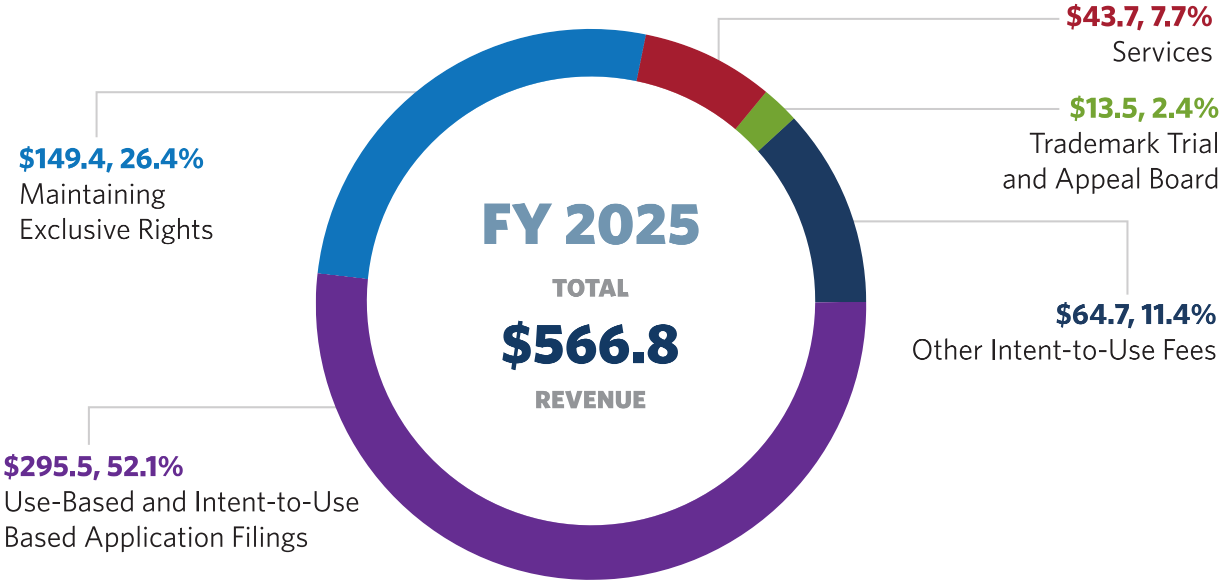
After many years of historical maintenance payment behaviors and renewal trends, the USPTO has successfully mitigated much of the risk associated with forecasting maintenance fee revenue. The risk associated with forecasting new application filings is somewhat higher than maintenance fees because many external factors such as economic conditions, research and development activity, and legal and legislative parameters make it more difficult to predict inventors' decisions to file patent applications and pay associated fees.

Recent USPTO estimates indicate that serialized patent application filings will steadily increase at rates similar to historic levels in the outyears, though these projections are inherently uncertain and may fluctuate based on economic and other factors. Both maintenance fee and application filing forecast expectations subsequently contribute to outlooks of continued budgetary resources and earned fee revenue.

Trademarks

Trademark fees comprise those fees paid for application filing, maintaining exclusive rights (post-registration, including renewals), services, and the Trademark Trial and Appeal Board. The USPTO fee schedule also includes fees for intent-to-use filings, as these applications introduce additional requirements for registration. In FY 2025, the agency made significant strides in removing invalid applications and registrations from the Trademark Register and improving USPTO.gov account security. However, the volume and sophistication of fraudulent schemes remain high. The USPTO will continue to invest in strengthening the capabilities of the Register Protection Office (RPO)—particularly in IT infrastructure—to prevent improper filings, remove fraudulent trademark registrations, and expand outreach efforts to warn customers through marketing and collaboration with federal and private sector partners. Figure 14 depicts the most significant trademark fee types.

FIGURE 14: FY 2025 TRADEMARK EARNED REVENUE BY FEE TYPE *(dollars in millions)*



Trademark registrations are renewable without limit, and renewal fees for maintaining exclusive trademark rights are an ongoing source of USPTO earned revenue. As with the patent fee schedule, trademark renewal fees offset the agency's costs during initial examination (though Trademarks is less dependent on renewal fees than Patents is on maintenance fees). In general, pro se and foreign registrants—both of whom comprise a growing share of new applicants—make fewer post-registration maintenance filings.

Program Costs

The USPTO's program costs consist of both direct operational costs and overall cross-cutting support costs that are managed centrally for operational efficiency and effectiveness and allocated to the patent and trademark programs. The largest cross-cutting cost is IT, which patent examiners and trademark examining attorneys rely upon for every aspect of their work. In setting its annual spending plans, the agency maximizes resources directed to its statutorily mandated mission areas. For FY 2025, costs directly attributable to the patent and trademark programs represented 79.9% of total USPTO costs; allocated IT costs comprised of 8.4% and the remaining 11.7% comprised of additional support costs that were allocated from the executing business areas to the patent and trademark programs using activity-based cost accounting.

Program costs totaled $4,619.3 million for FY 2025. Personnel services and benefits comprise the approximately 67.2% of the USPTO's total program costs, by far the most significant of all cost categories. Figures 15 and 16 depict the USPTO's FY 2025 program costs.

FIGURE 15: FY 2025 USPTO PROGRAM COSTS *(dollars in millions)*

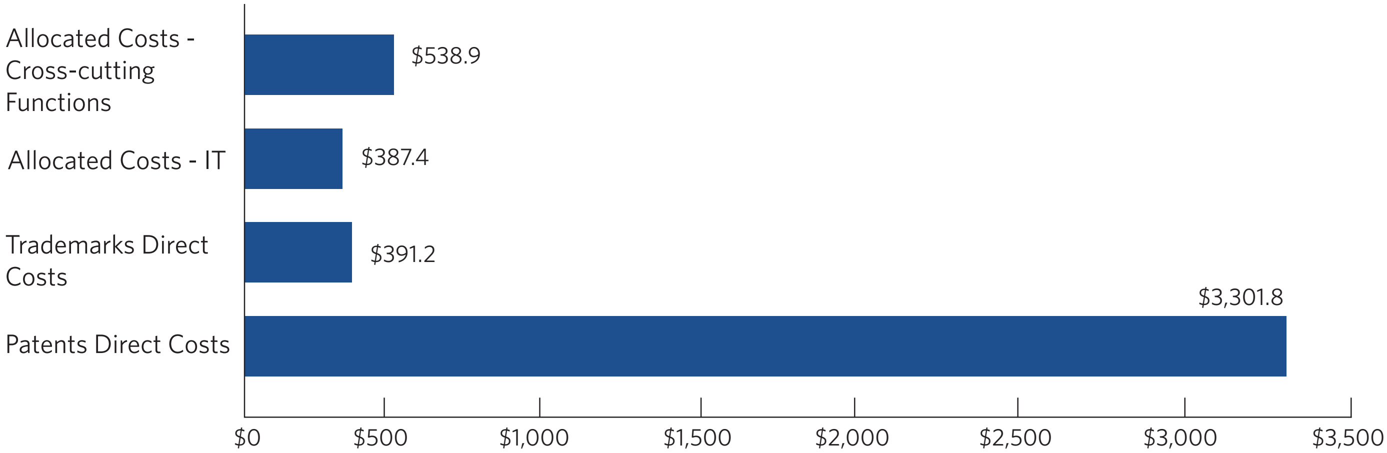
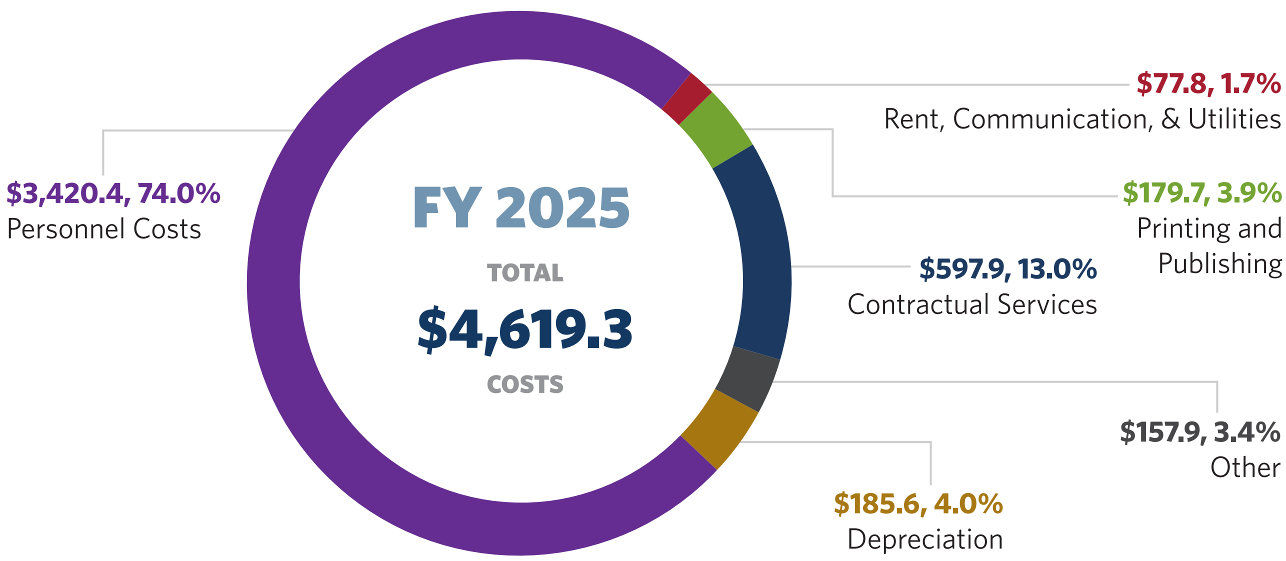


FIGURE 16: FY 2025 USPTO PROGRAM COSTS *(dollars in millions)*



Patents

The Patents organization's total costs for FY 2025 were $4,052.2 million, with personnel services comprising the majority of direct program costs. The USPTO's success depends on a workforce of highly educated professional and scientific employees, all of whom are in high demand from private industry. The costs of hiring and upskilling new employees, including recruitment, new employee orientation, security background checks, and extensive training, leads to a negative return on investment if an employee leaves the USPTO after a short period of time.

In FY 2025, the USPTO continued its work to overcome challenges in achieving its pendency goals. The most significant effort included the increase in the hiring of examiners and redirecting existing resources from nonexamination to examination. The resulting increase in examining capacity should place USPTO in position to continue improving its pendency metrics.

Patent personnel costs for FY 2025 were $2,780.0 million and represent 68.6% of total patent operational costs. The USPTO directed a majority of patent operational costs to two patent products: utility patents and international applications, also called 371 filings. Cost percentages include direct and indirect costs allocated to patent operations. Figures 17 and 18 depict FY 2025 patent costs.

FIGURE 17: FY 2025 PATENT COSTS *(dollars in millions)*

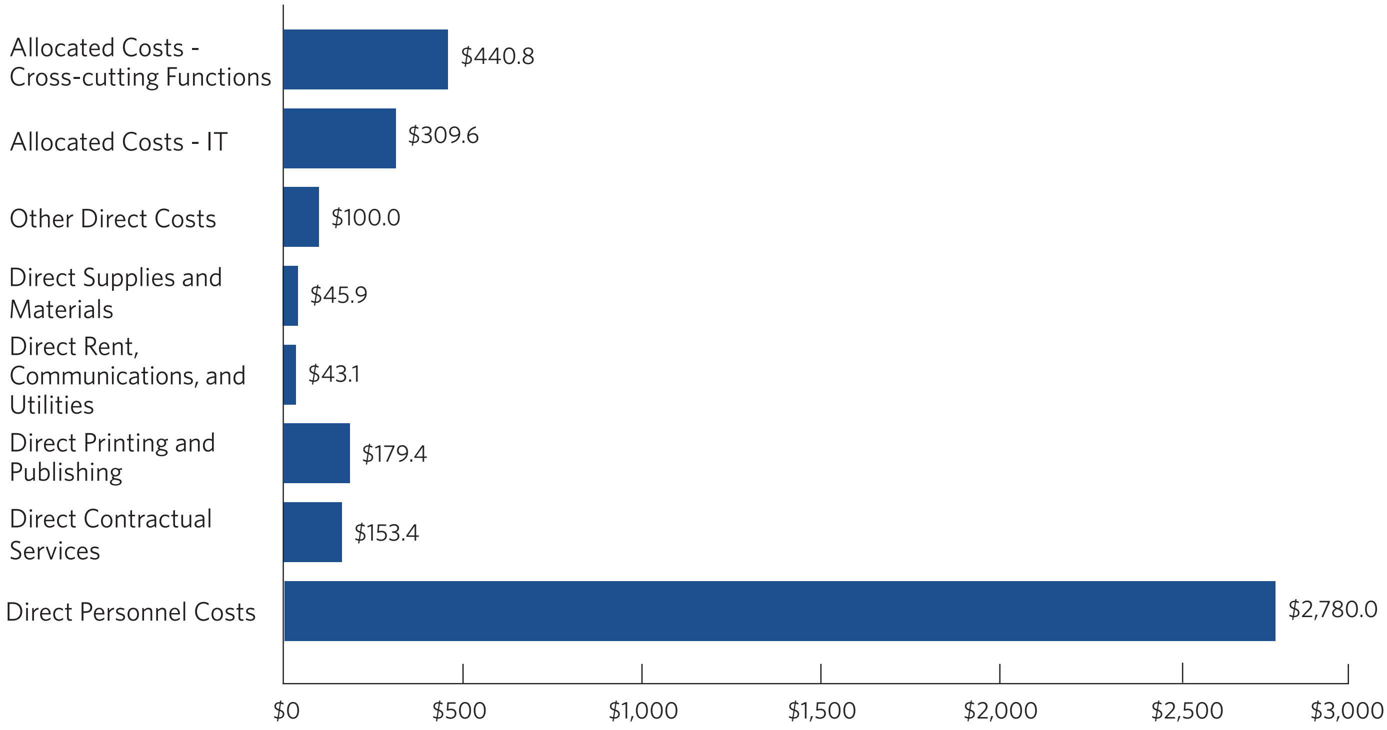
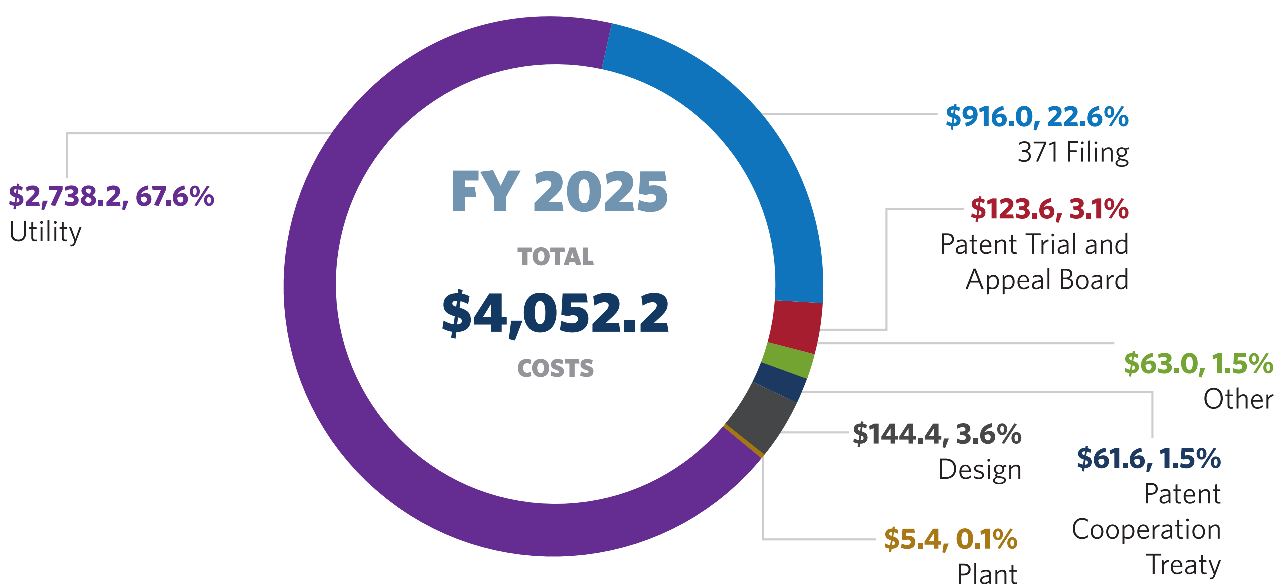


FIGURE 18: FY 2025 PATENT COSTS BY PRODUCT *(dollars in millions)*



Trademarks

The Trademarks organization's total costs for FY 2025 were $567.1 million, with personnel services comprising the majority of direct program costs. Trademark personnel costs for FY 2025 were $324.8 million and represent 57.3% of total trademark operational costs. Cost percentages include direct and indirect costs allocated to trademark operations. Figures 19 and 20 depict FY 2025 trademark costs.

FIGURE 19: FY 2025 TRADEMARK COSTS *(dollars in millions)*

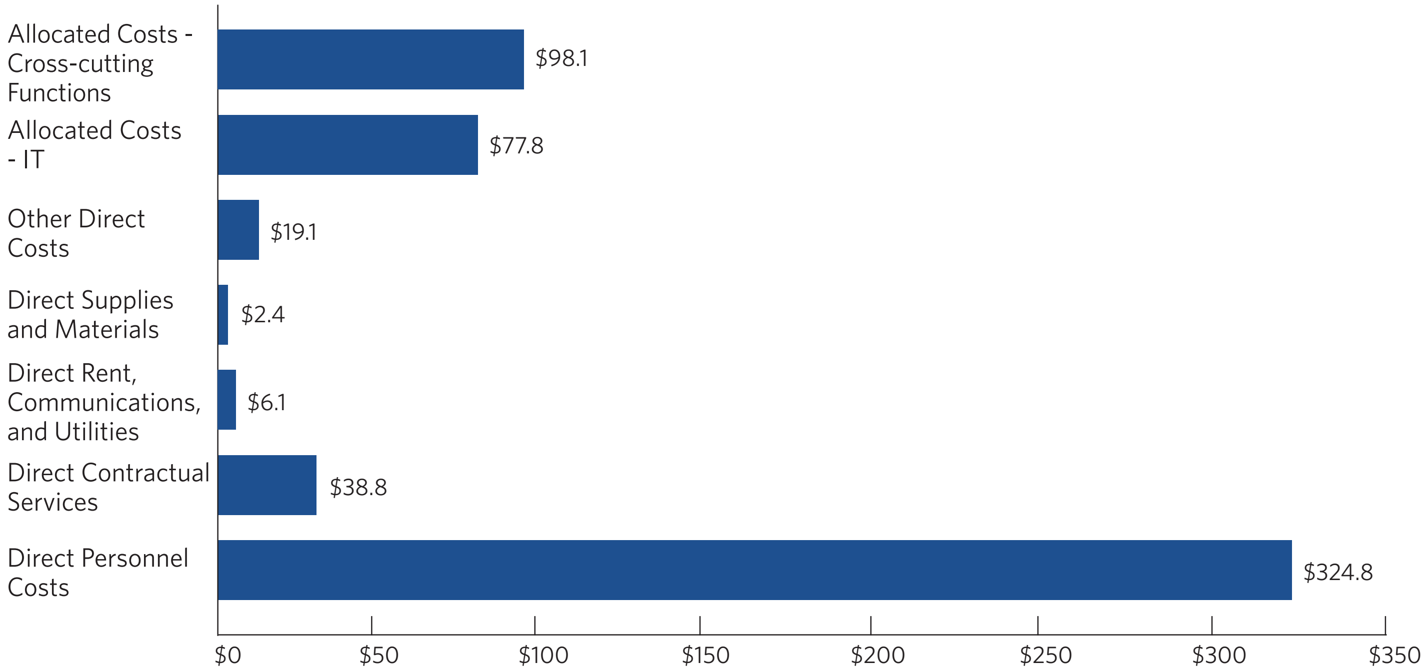
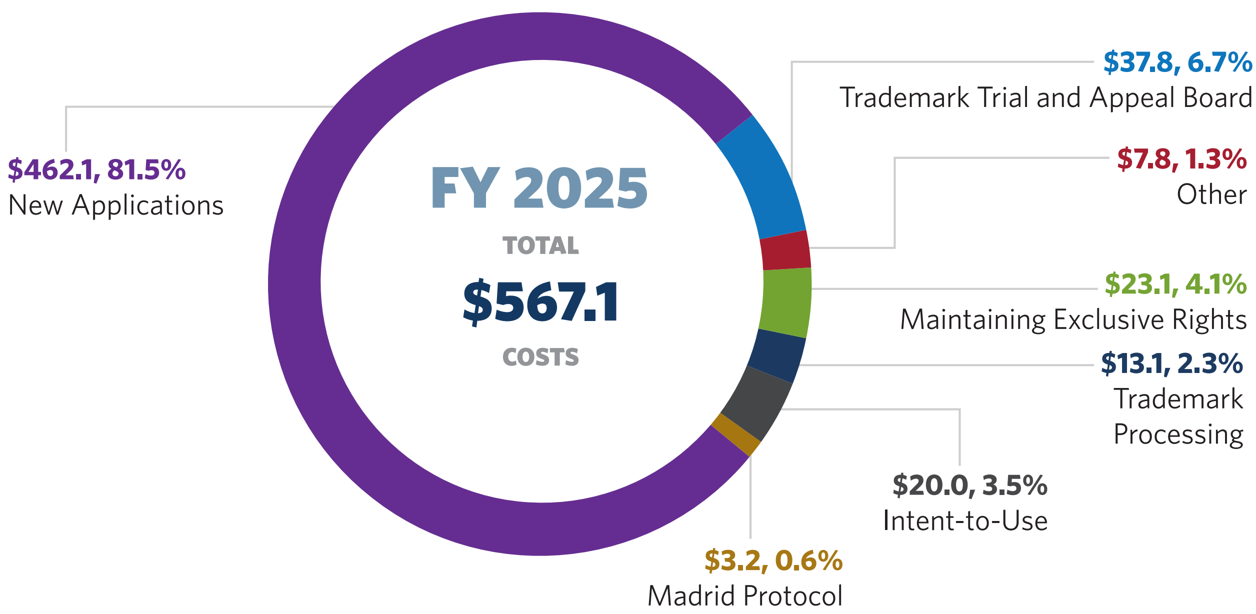


FIGURE 20: FY 2025 TRADEMARK COSTS BY PRODUCT *(dollars in millions)*



Statement of Budgetary Resources

The total budgetary resources available in any given year are directly related to annual fee collections associated with annual demand for the USPTO's services (as manifested in application filings and IP rights renewals), the appropriation authority to spend those fee collections, and the agency's operating reserves. The USPTO frequently reviews and analyzes operational and global economic data and forecasted operating expenses to assess the need for an adjustment to the patent and trademark fee schedules. These fee schedules are designed to achieve the agency's financial and operational targets while recovering aggregate operational costs. The USPTO's process to review, analyze, and set fees typically takes at least two years to complete.

The AIA established a statutory provision requiring the USPTO to deposit in the fee reserve fund those fees collected in excess of appropriated levels for each fiscal year. Since the effective date of the fee reserve fund in FY 2012, excess fee collections were made available to the USPTO through its annual appropriation, subject to a routine reprogramming notification to Congress.

In accordance with the Full-Year Continuing Appropriations and Extensions Act, 2025 (Public Law 119-4), the USPTO's congressional appropriation for FY 2025 was $4,195.8 million in anticipated fee collections. This full-year continuing resolution appropriated previous year amounts for FY 2025. The $4,195.8 million was less than the USPTO's forecasted collections during FY 2025 due to new trademark and patent fee rates effective January 18 and 19, 2025, respectively. When the continuing resolution was enacted on March 15, 2025, the USPTO anticipated that it would be required to deposit fee collections into the fee reserve fund during September 2025 and begin funding the agency with the operating reserves. As of September 30, 2025, the USPTO collected $323.9 million in patent and trademark fees in excess of the anticipated fee collections appropriated (see table 3). The USPTO deposited $278.6 million in patent fee collections and $45.3 million in trademark fee collections in the fee reserve fund at the end of FY 2025. The FY 2025 appropriation provided the authorization for the USPTO to spend these fees without further appropriation and without fiscal year limitation, subject to reprogramming requirements.

Figures 21 and 22 depict the USPTO's available budgetary resources during FY 2025 and their use in total obligations and the operating reserves, as reflected in the Statement of Budgetary Resources (see page 77).

FIGURE 21: FY 2025 SOURCES OF FUNDS *(dollars in millions)*

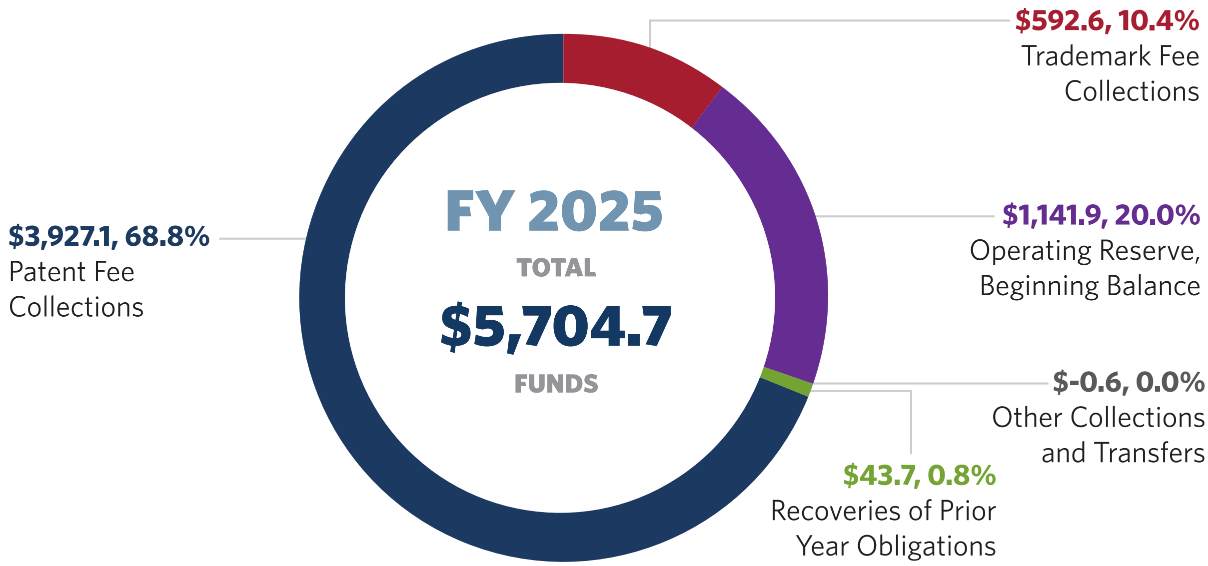
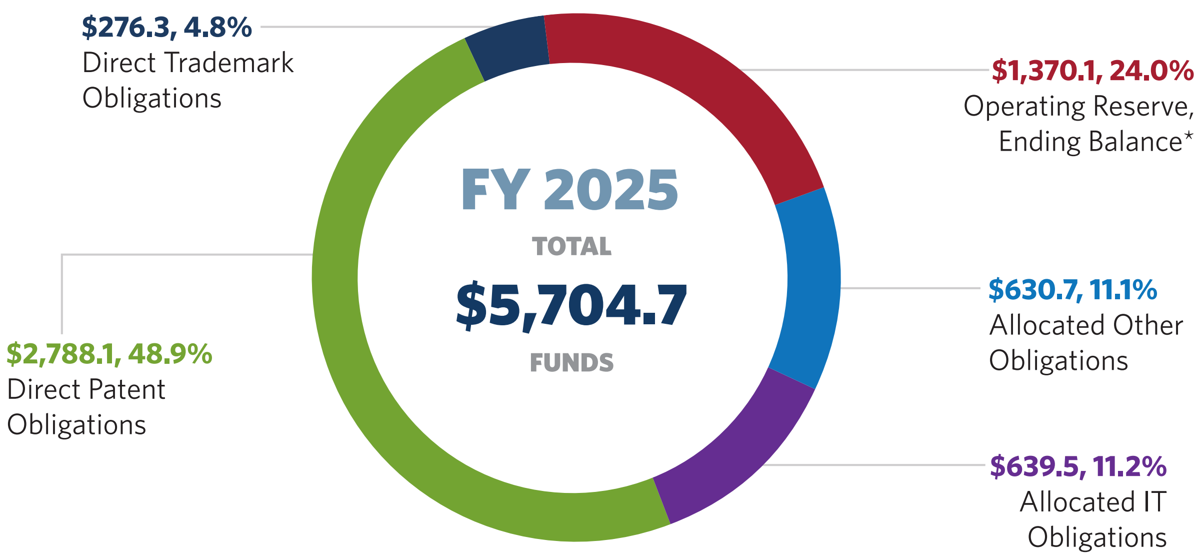


FIGURE 22: FY 2025 USES OF FUNDS *(dollars in millions)*



* *These funds are retained and carried forward into FY 2026*

Table 6 illustrates the USPTO's congressional appropriation of fee collections for FY 2025, as well as cumulative unavailable fee collections.

TABLE 6: TEMPORARILY UNAVAILABLE FEE COLLECTIONS *(dollars in millions)*

	FY 2025
Fiscal Year Fee Collections	$ 4,519.7
Fiscal Year Collections Appropriated	(4,519.7)
Fiscal Year Unavailable Collections	$ -
Prior Year Unavailable Collections	937.8
Subtotal	$ 937.8
Special Fund Unavailable Receipts	233.5
Cumulative Temporarily Unavailable Fee Collections	$ 1,171.3

Since FY 2013, the USPTO has not collected any fees designated as temporarily unavailable. As a result, the agency maintained its existing $937.8 million balance of temporarily unavailable fee collections during FY 2025 (shown in table 6 as Prior Year Unavailable Collections). In accordance with the OBRA, the agency maintains another $233.5 million in unavailable fee collections in a special fund receipt account at Treasury. These cumulative unavailable fee collections will remain in the USPTO's general fund account at Treasury until Congress appropriates their use. Unavailable balances are not reflected in the USPTO's Statement of Budgetary Resources but are included on the Balance Sheet as part of the agency's Fund Balance with Treasury (see Fund Balance with Treasury discussion on page 45).

Limitation on Financial Statements

The principal financial statements included in this AFR were prepared by USPTO management to report the agency's financial position and operational results, pursuant to the requirements of 31 U.S.C. § 3515(b). While the statements were prepared from the USPTO's books and records in accordance with generally accepted accounting principles (GAAP) for federal entities and the formats prescribed in OMB Circular A-136 (revised), the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the understanding that they represent a component of the U.S. government, a sovereign entity.

Management Responsibilities

The USPTO's management is responsible for the fair presentation of information contained in the principal financial statements in conformity with GAAP, the requirements of OMB Circular A-136, and guidance provided by the DOC. Agency management is also responsible for fair presentation of the USPTO's performance measures, in accordance with OMB requirements. The quality of the USPTO's internal control rests with management, as does the responsibility for identifying and complying with pertinent laws and regulations.

ANALYSIS OF SYSTEMS, CONTROL, AND LEGAL COMPLIANCE

Management Assurances

United States Patent and Trademark Office

Under Secretary of Commerce for Intellectual Property and Director of the USPTO

On the basis of the USPTO's comprehensive internal control program in place during FY 2025, the USPTO can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations, reporting, and compliance with applicable laws and regulations, as of September 30, 2025, was operating effectively. Accordingly, I am pleased to certify with reasonable assurance that the USPTO's systems of internal control, taken as a whole, comply with section 2 of the FMFIA. The USPTO also is in substantial compliance with applicable federal accounting standards and the U.S. Standard General Ledger at the transaction level as well as federal financial system requirements. Accordingly, the USPTO fully complies with section 4 of the FMFIA, with no material non-conformances.

In addition, the USPTO conducted an assessment of the effectiveness of its internal control over reporting, which includes the safeguarding of assets and compliance with applicable laws and regulations, in accordance with OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Based on the results of this evaluation, the USPTO provides reasonable assurance that its internal control over reporting, as of June 30, 2025, was operating effectively, and no material weaknesses were found in the design or operation of the internal control over reporting. In addition, no material weaknesses related to internal control over reporting were identified between July 1, 2025, and September 30, 2025.

John A. Squires
Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office

October 1, 2025

Coke Morgan Stewart
Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office

October 1, 2025

Federal Managers' Financial Integrity Act

To ensure the integrity of federal programs and operations, the FMFIA requires federal agencies to evaluate and report on the effectiveness and efficiency of their internal controls and financial management systems annually. USPTO management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the FMFIA. The objective of the USPTO's management control system is to provide reasonable assurance that:

- Obligations and costs comply with applicable laws
- Assets are safeguarded against waste, loss, unauthorized use, or misappropriation
- Revenues and expenditures applicable to agency operations are properly recorded and accounted for, permitting accurate accounts, reliable financial reports, and full accountability for assets
- Programs are efficiently and effectively carried out in accordance with applicable laws and management policy

During FY 2025, the USPTO reviewed its management control system in accordance with the requirements of the FMFIA, as well as OMB and DOC guidelines. The USPTO continually evaluates the efficiency of its operations using:

- Information obtained from reviews and audits conducted by the GAO and OIG
- Independent public accountants' opinions on the USPTO's financial statements
- Independent public accountants' reports on internal control and compliance with laws and regulations
- Evaluations conducted by other federal agencies, such as the Office of Personnel Management
- USPTO internal evaluations, control assessments, and analyses

The diverse reviews that took place during FY 2025 provide assurance that USPTO systems and management controls comply with standards established under the FMFIA.

The revised Appendix A to OMB Circular A-123, Management of Reporting and Data Integrity Risk, expands assurance beyond finance for internal controls over reporting. In preparing its statement of assurance, the USPTO considered activities related to the Digital Accountability and Transparency Act of 2014 (DATA Act), the OIG's Top Management Challenges, performance reporting, strategic plans and performance metrics, real property and asset management, and human resource reporting. The USPTO also considered controls related to its risk profile and fraud risk in providing assurance on internal controls. In addition, the USPTO is not identified on the GAO's High-Risk List related to controls governing various areas.

Managing Risk

The USPTO will continue to manage the risk associated with complex mission and mission support activities, such as operating secure IT systems. While eliminating all uncertainties is not possible, USPTO strategies for managing risk are essential to mission success. Enterprise Risk Management (ERM) orchestrates those strategies. In FY 2025, the USPTO matured its ERM program in many ways. The USPTO further formalized the program in an operating and governance model, which includes updated standard operating procedures. The USPTO established a Risk Champions Working Group

(RCWG) to assist the Risk Management Council (RMC) with agency-wide risk management.

The USPTO held business unit risk identification working sessions and reformatted the Risk Register to include child risks that were assessed by the RCWG. All child risks feed 13 parent risks that will be assessed by the RMC in order to prioritize FY 2026 risk response activities. Risk scoring parameters used in assessments are in accordance with the requirements from OMB and DOC ERM guidance. USPTO further integrated program management, audit activities, performance, financial management, and budget into the risk management process.

Federal Financial Management Improvement Act of 1996

The FFMIA of 1996 requires federal agencies to report on their substantial compliance with federal financial management system requirements, federal accounting standards, and the U.S. Standard General Ledger at the transaction level. In accordance with OMB Circular A-123, Appendix D, an agency achieves substantial compliance when its financial management systems routinely provide reliable and timely financial information for managing day-to-day operations, producing reliable financial statements, maintaining effective internal controls, and complying with legal and regulatory requirements. The USPTO complied substantially with the FFMIA during FY 2025.

Other compliance with laws and regulations

Federal Information Security Management Act (FISMA)

The USPTO is vigilant in reviewing administrative controls over information systems and seeks ways to improve its security program.

Multiple data security incidents occurred during FY 2025, highlighting the challenges that can arise during the modernization of legacy systems. These incidents affected both the patent and trademark programs with minor disruptions to USPTO services. The agency takes the trust placed in it by customers to protect sensitive data very seriously. The USPTO's response to these incidents has been multifaceted and focused on both immediate remediation and long-term prevention. It is important to note that the incidents were not the result of malicious activity, but rather stemmed from issues related to the migration and modernization of legacy systems. Specifically, incidents stemmed from misconfigurations and the transfer of legacy code for data queries into new systems without adequate quality assurance and testing. As a result, the USPTO has taken significant steps to strengthen its data security practices. This includes a thorough assessment of current system implementations, the identification of technical and process gaps, and the establishment of new internal controls that are easily auditable. These measures are intended to ensure that robust data security practices are applied consistently and that similar incidents are proactively prevented in the future.

The USPTO plans to further enhance its data security posture by automating the evaluation of security controls through the annual assessment and authorization process. In FY 2025, the agency successfully implemented a cATO model, which allows for ongoing monitoring and assessment of security practices, thereby reducing the risk of future similar incidents from occurring. All agency systems have a current ATO status. Additionally, the USPTO has documented system security plans and implementation statements for all systems per the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, Revision 4 standard, and is in the process of migrating to the NIST SP 800-53 Revision 5 standard.

During FY 2025, the USPTO continued its efforts to comply with FISMA standards and to improve its security program. The USPTO strategy for continuous monitoring includes conducting credentialed compliance and vulnerability scans on servers, network devices, databases, and web applications on an ad-hoc, weekly, and monthly basis.

The agency performs ad-hoc scans based on customer requests, weekly scans per DOC Continuous Diagnostics and Mitigation (CDM) guidelines, and monthly scans for all systems. The USPTO also participates in the Cybersecurity and Infrastructure Security Agency (CISA) CDM program. These scans ensure operating systems are configured in accordance with their security baseline and appropriate software patch levels. The USPTO continues to develop new secure baseline configuration guides with current configuration settings based on the addition of devices with newer operating systems. The agency is also conducting penetration testing of high-value assets to monitor the efficacy of security controls and design in protecting system confidentiality, integrity, and availability.

The USPTO successfully met the compliance requirements of the FISMA while meeting OMB reporting requirements. All USPTO systems achieved a 100% FISMA compliance reporting level for FY 2025, and no deficiencies were considered to be the result of any material weaknesses in internal control. As a result, the USPTO maintained its continuous monitoring and accurately summarized information according to the OMB requirements for year-end reporting.

The Inspector General's Statement of Management Challenges for DOC (referred to on page 111 in the Other Information section of this report) identifies IT security as a cause for concern department-wide. However, USPTO management does not believe that any of the USPTO-specific FISMA findings, either individually or collectively, rise to a level that would require treating them as material weaknesses.

The USPTO continues to coordinate closely with the OIG throughout the year and to review annual assessments with the OIG to gain additional insight and ensure compliance with requirements.

Improper Payments Elimination and Recovery Act

The USPTO continues to maintain internal control procedures that help monitor the disbursement of federal funds for valid obligations. The USPTO also assesses improper payment risks for all programs and activities, as required by OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement. The USPTO updates these improper payment risk assessments, including assessments of the control and procurement environments, annually. Additional details can be found in the Other Information section of this report (see page 109).

Prompt Payment Act

The Prompt Payment Act requires federal agencies to report on their efforts to make timely payments to vendors as well as the amount of interest penalties the agencies have paid for late payments. In FY 2025, the USPTO made timely payments on

99.9% of the 4,769 vendor invoices it processed, representing payments of approximately $944.9 million. Of the four invoices the USPTO did not process in a timely manner, the agency was required to pay interest penalties on all four. The USPTO paid $0.9 in interest penalties for every million dollars disbursed in FY 2025. Virtually all recurring payments were processed by electronic funds transfer, in accordance with the electronic funds transfer provisions of the Debt Collection Improvement Act of 1996.

Debt Collection Improvement Act

The Debt Collection Improvement Act prescribes standards for the administrative collection, compromise, suspension, and termination of federal agency collection actions, as well as standards for making referrals to the proper agency for litigation. Although the act has no material effect on the USPTO since it operates with minimal delinquent debt, the agency has transferred all debt more than 120 days old to the U.S. Department of the Treasury for cross-servicing.

DATA Act of 2014

The DATA Act aims to increase the accessibility, accuracy, and usefulness of federal spending information. It establishes government-wide data standards for financial data, seeks to simplify financial reporting, and provides consistent, reliable, accurate, and searchable spending data available for taxpayers and policy makers on USASpending.gov.

The USPTO has continually expanded internal agency management practices to ensure the accuracy of federal spending information. With each applicable contract obligation in the financial system of record (Momentum Financials), an automated draft record is created in the government-wide Federal Procurement Data System (FPDS) for contract specialist review and validation. Once the USPTO processes the financial obligation in Momentum Financials, the contracting specialist is responsible for finalizing the FPDS record within three business days after contract award, in accordance with Federal Acquisition Regulation Part 4.604. The OCFO Office of Procurement policy requires the contract specialist to finalize the record within one business day to ensure compliance with the regulation. As an internal control to ensure that all applicable contract actions are finalized in FPDS, the USPTO cross-references FPDS data with information in Momentum Financials to ensure all completed actions have a corresponding finalized FPDS entry. On a monthly basis, the USPTO matches results from a Momentum Financials report to FPDS data to verify actual actions processed. Every month, the USPTO validates financial and obligation data against Treasury and FPDS reporting via the USASpending.gov DATA Act broker. Once validation is complete, the DOC combines the USPTO's data with the rest of the DOC's DATA Act data and uploads it to USASpending.gov.

In accordance with DATA Act requirements, for each reporting period within FY 2025 the USPTO reported financial and payment data in accordance with data standards established by the Treasury and OMB. The USPTO successfully reconciled all financial data, without exception, to the data reported separately to the Treasury in the government-wide Treasury Account Symbol Adjusted Trial Balance System. At the end of the fiscal year, the USPTO successfully reconciled procurement data to the FPDS actions.

Employees return to the office at the USPTO Thomas Jefferson building. (Photo by Jay Premack/USPTO)

Other systems and control considerations

Financial Management Systems Strategy

The overall USPTO financial management function includes four products: the Financial Management Product; the Fee Management Product; the Planning, Budgeting, and Governance Product; and the Enterprise Business Data Management Product. The USPTO has migrated almost all financial management product components to the cloud. The last area is migration of remaining data sets in the Enterprise Data Warehouse. This work is already in progress and will be completed in early FY 2026.

The Financial Management Product leverages several commercial-off-the-shelf (COTS) components, including a core financial and acquisition tool, Momentum; a supplemental acquisition tool, Aeon; and a travel tool, Concur. The Financial Management Product supports acquisition, payroll, travel, accounting, and funds management. During FY 2025, the USPTO focused on upgrading its core financial system to the Financial Management QSMO certified version and complying with various Executive Orders. In FY 2026, the USPTO will focus on preparing for migration to the GO.gov travel management system and gaining efficiencies through the use of agentic AI.

The Fee Management Product is a custom-developed solution that integrates with Momentum as the USPTO revenue subsidiary ledger. This product provides customers with the ability to see when maintenance fees are due, obtain pricing, make fee payments, obtain fee refunds, manage stored payment accounts, and view historical transactions. During FY 2025, the USPTO focused on implementing new pricing rules and further protecting the system from external threats. In FY 2026, the USPTO will continue to implement new pricing rules and begin leveraging AI development tools to gain efficiencies.

The Planning, Budgeting, and Governance Product leverages COTS components: Oracle Enterprise Performance Management and Oracle APEX for its budget and performance management function, and Cost Perform for its cost accounting function. During FY 2025, the USPTO focused on decentralized, non-IT budget formulation process automation. In FY 2026, the USPTO will concentrate on an ERM solution and gaining efficiencies through the use of AI development tools.

The Enterprise Business Data Management product consists of a collection of data stores housing authoritative data from across the agency and the tools needed to turn that data into business intelligence informing decision-making. The financial management function has primarily leveraged the structured data within the data store known as the Enterprise Data Warehouse and its business intelligence tools Alteryx and Tableau. As the USPTO's culture shifts toward viewing data as a strategic asset within a robust governance model, usage of these tools is expected to increase exponentially. During FY 2025, the USPTO moved business intelligence and data pipeline tools to the cloud. In FY 2026, the USPTO will focus on implementing a robust self-service model for data usage.

The Enterprise Business Data Management product also provides storage for unstructured data, such as scanned check images and receipt documents from the Fee Management Product and vendor submissions from the Financial Management Product.

Art Fry, inventor of the Post-it® Note and National Inventors Hall of Fame inductee, spends a day at the USPTO and participates in a USPTO Speaker Series fireside chat with employees about the creation of one of the most beloved office supplies in history. (Photo by Jay Premack/USPTO)

SIGNIFICANT RISKS AND OPPORTUNITIES

The USPTO created detailed, internal risk mitigation plans in the areas of external threats, AI, and the management of patent application processing. The agency designed these plans to reduce its exposure in areas of increasing uncertainty.

A task force, designed to mitigate the risks of abusive practices, collaborated to create a cohesive and multifaceted approach to combating external threats. This approach includes rule and policy changes, enhanced communications, automated administrative review processes, and the leveraging of emerging technologies for early detection. The risk mitigation plan takes an enterprise view, coordinating efforts across business units. One aspect of the plan responds to GAO-24-106533 (Intellectual Property: Stronger Fraud Risk Management Could Improve the Integrity of the Trademark System).

The ERM team worked closely with the AI and Innovation Governance Council and the Data and Analytics Council to create a strategy that enables the USPTO to lean in to emerging technologies in a resourceful and deliberate manner while keeping risk at or below acceptable levels. This strategy aligns with the Removing Barriers to American Leadership in Artificial Intelligence EO; OMB M-25-21, "Accelerating Federal Use of AI through Innovation, Governance, and Public Trust"; and M-25-22, "Driving Efficient Acquisitions of Artificial Intelligence in Government." It also addresses recommendations from OIG-25-018-A, "USPTO Should Improve Governance to Promote Effective Oversight of Its Artificial Intelligence Tools."

In addition, the ERM team worked closely with Patents to determine ways to monitor risk levels as the agency brings the process for managing patent applications in-house. This process is critical to patent operations, including examiners' interactions with applicants, patent publication, patent grant issuance, and relevant prior art searches. The USPTO is evaluating opportunities to increase efficiency in light of evolving AI capabilities.

Patents

The primary emerging risks to Patents include increases in patent application filings, increased incidences of fraudulent activities in patent application filings, inadequate examination capacity, and the challenge of aligning with rapidly evolving technology. The agency aims to mitigate these risks by implementing sustained initiatives to increase operational efficiency, reinforcing IP protections under Title 35 of the U.S. Code, scaling up entry-level examiner recruitment and hiring efforts to increase examination capacity, and accelerating examination and IT modernization efforts to enhance examination efficiency and operational resilience.

Trademarks

The main risks Trademarks will face in the future are unexpected filing levels, an increase in fraudulent applications, resource constraints, and rapid advancements in emerging technologies. The USPTO intends to mitigate these risks through ongoing pendency reduction initiatives, prioritizing register protection, hiring examining attorneys, and modernizing IT.

FINANCIAL SECTION

MESSAGE FROM THE OFFICE OF THE CHIEF FINANCIAL OFFICER (UNAUDITED)

Sean M. Mildrew, Acting Chief Financial Officer (FY 2025)

As our Director and Deputy Director noted in their message, FY 2025 was a year of remarkable success and change for the USPTO. I was honored to serve during FY 2025 as the USPTO Acting Chief Financial Officer, especially through this time of transition, as we got back to the basics of our core mission: delivering business solutions to enable mission outcomes.

Beginning on Inauguration Day, the OCFO hit the ground running in support of the new Administration's priorities, with the OCFO's four distinct offices—Planning and Budget, Finance, Procurement, and Financial Management Systems—working together as one unified team. First, in response to the EO on Implementing the President's "Department of Government Efficiency" Cost Efficiency Initiative, the OCFO led the agency through an aggressive spending plan review. This effort culminated in more than $170 million in identified savings, freeing these funds for accelerating critical IT cloud migrations, improving patent and trademark pendency, and mitigating fraud. In addition, the OCFO closely examined USPTO contracting policies and procedures while also facilitating a new DOC-wide acquisitions review procedure by developing an efficient, repeatable process—without a single break in service.

Building upon previous achievements, the OCFO developed a robust response to the EO on Protecting America's Bank Account Against Fraud, Waste, and Abuse. The USPTO was the first federal organization to use Treasury's QSMO acquisition vehicle on its shared financial management marketplace, ensuring the agency's financial management systems meet QSMO standards. During the third quarter, the OCFO successfully managed a major upgrade to the USPTO's QSMO cloud-based financial management system to strengthen the long-term sustainability and security of our core financial management services. Beyond compliance, the update allows the agency to further explore AI and bot technologies to maximize efficiencies and detect fraud, directly supporting Administration goals outlined in this and numerous other EOs.

On the topic of AI, in coordination with the agency's leadership and the OCIO, the OCFO released a request for information on low- or no-cost AI technologies, inviting private sector vendors to share how their products can best assist examiners in reducing the unexamined patent application inventory. This request directly supports the Administration's initiatives to implement AI technologies to improve efficiencies across the USPTO and the federal government as a whole.

The OCFO conducted a thorough review of the agency's payments and receipts in response to the EO on Modernizing Payments To and From America's Bank Account. The review showed that, through its usual business practices, the USPTO was already substantially compliant with the EO. The OCFO is implementing efficiencies, where applicable, in its small subset of paper-based transactions, which comprise less than 1% of all payments the agency receives, including eliminating all paper check disbursements, unless a valid exception applies, as of September 29, 2025.

Along with efficiency and fiscal responsibility, addressing risk and fraud have been key themes for the new Administration. As such, the OCFO further matured its agency-wide ERM efforts to mitigate numerous areas of risk. During the summer, these activities culminated in an OCFO-wide effort that identified multiple attempted fraudulent activities in real time, each resulting in swift, proactive measures that prevented fraudsters from exploiting agency systems. These vigilant and timely actions bolstered the protection of the agency's financial systems, safeguarded our data and will ultimately inform the USPTO's evolving ERM framework.

The OCFO also seamlessly pivoted to accommodate evolving guidance and tight deadlines, ensuring the agency's statutory budget requirements were compliant, complete, and submitted timely. We published new patent and trademark fee schedules during the second quarter, and successfully closed out four OIG audits. Working together with agency leadership, the OCFO secured the USPTO's 33rd annual clean audit opinion from KPMG—a true testament to the team's commitment to fiscal integrity and the agency's responsibility as a trustworthy and reliable steward of user fees.

As we closed out FY 2025, the OCFO continued to navigate challenges typical to any change in Administration. However, the year-long continuing resolution presented some additional challenges in the OCFO's abilities to plan and execute on our plans, especially as the USPTO ramped up examiner hiring to address pendency. In a time of fiscal constraint, the USPTO was one of the federal government's only growth agencies. The new Administration recognized early on that the USPTO is a key facilitator of American innovation and economic prosperity, and to deliver the timely examination agency customers deserve and expect, it must meet growing demand with commensurate budgets that support the hiring of examiners, examining attorneys, and associated staff. The fruits of these efforts—the agency's first linear, year-over-year decrease in the unexamined patent application inventory in six years—demonstrates the USPTO's focus on its statutory mission and commitment to prudent financial management.

These are just a few achievements from the year; the total accomplishments of the OCFO—from our subordinate offices to our individual contributors—could fill the pages of this report and more. Whether through planning or executing multiple years' budgets at a time, negotiating with vendors to ensure the government's best interests are achieved, adopting an agile "cloud smart" IT posture, or accounting for dollars flowing in and out of the agency, the OCFO remains focused on mission first. Leading this incredibly talented team will always be the proudest highlight of my career.

Sean M. Mildrew
Acting Chief Financial Officer (FY 2025)
United States Patent and Trademark Office

PRINCIPAL FINANCIAL STATEMENTS

UNITED STATES PATENT AND TRADEMARK OFFICE

BALANCE SHEET

As of September 30, 2025

(Dollars in Thousands)		**2025**
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$	3,343,252
Accounts Receivable, Net (Note 3)		780
Advances and Prepayments (Note 6)		5,352
Total Intragovernmental		3,349,384
With the Public:		
Cash and Other Monetary Assets (Note 4)		15,698
Accounts Receivable, Net (Note 3)		448
General Property, Plant, and Equipment, Net (Note 5)		292,628
Advances and Prepayments (Note 6)		28,210
Total with the Public		336,984
Total Assets (Note 7)	$	3,686,368
LIABILITIES		
Intragovernmental:		
Accounts Payable	$	13,867
Other Liabilities:		
Benefit Program Contributions Payable (Note 10)		20,486
Customer Deposit Accounts (Note 7)		11,172
Total Intragovernmental		45,525
With the Public:		
Accounts Payable		76,900
Federal Employee Salary, Leave, and Benefits Payable (Note 10)		340,115
Post-Employment Benefits Payable (Note 10)		6,934
Advances from Others and Deferred Revenue (Note 9)		1,598,695
Other Liabilities:		
Customer Deposit Accounts (Note 7)		127,874
Lease Liabilities (Note 11)		19,983
Contingent Liabilities (Note 12)		125
Total with the Public		2,170,626
Total Liabilities (Note 8)	$	2,216,151
NET POSITION		
Cumulative Results of Operations		
Funds from Dedicated Collections (Note 14)		1,470,217
Total Net Position	$	1,470,217
Total Liabilities and Net Position	$	3,686,368

The accompanying notes are an integral part of these financial statements.

UNITED STATES PATENT AND TRADEMARK OFFICE

STATEMENT OF NET COST

For the year ended September 30, 2025

(Dollars in Thousands)	**2025**
PATENT	
Program Cost	$ 4,052,194
Program Earned Revenue	(3,856,407)
Net Program Cost	195,787
TRADEMARK	
Program Cost	567,100
Program Earned Revenue	(566,814)
Net Program Cost	286
Net Cost of Operations (Note 14)	$ 196,073
TOTAL	
Total Program Cost (Notes 15 and 16)	$ 4,619,294
Total Earned Revenue	(4,423,221)
Net Cost of Operations (Note 14)	$ 196,073

The accompanying notes are an integral part of these financial statements.

UNITED STATES PATENT AND TRADEMARK OFFICE

STATEMENT OF CHANGES IN NET POSITION

For the year ended September 30, 2025

(Dollars in Thousands)	2025 Funds from Dedicated Collections
CUMULATIVE RESULTS OF OPERATIONS	
Beginning Balances	$ 1,440,995
Transfers In/(Out) Without Reimbursement	(2,440)
Imputed Financing	227,735
Net Cost of Operations	(196,073)
Net Change in Cumulative Results of Operations	29,222
Cumulative Results of Operations - Ending	$ 1,470,217
Net Position, End of Year	$ 1,470,217

The accompanying notes are an integral part of these financial statements.

UNITED STATES PATENT AND TRADEMARK OFFICE
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the year ended September 30, 2025

(Dollars in Thousands)		**2025**
BUDGETARY RESOURCES		
Unobligated Balance, Brought Forward (Note 17)	$	1,141,901
Recoveries of Prior Year Obligations		43,717
Unobligated Balance from Prior Year Budget Authority, Net (discretionary)		1,185,618
Spending Authority from Offsetting Collections (discretionary)		4,519,053
Total Budgetary Resources	$	5,704,671
STATUS OF BUDGETARY RESOURCES		
New Obligations (Note 17)	$	4,334,570
Unobligated Balance, End of Year:		
Apportioned		1,046,176
Unapportioned		323,925
Total Unobligated Balance, End of Year:		1,370,101
Total Status of Budgetary Resources	$	5,704,671
OUTLAYS, NET		
Net Collections (discretionary)	$	(163,140)

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

As of and for the year ended September 30, 2025

NOTE 1. Summary of Significant Accounting Policies

Basis of Presentation

As required by the Chief Financial Officers Act of 1990 and 31 United States Code (U.S.C.) §3515(b), the accompanying financial statements present the financial position, net cost of operations, and budgetary resources for the USPTO. The books and records of the USPTO serve as the source of this information.

These financial statements were prepared in accordance with accounting principles generally accepted in the United States (GAAP) and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in Circular No. A-136, *Financial Reporting Requirements*, as amended, as well as the accounting policies of the USPTO. Therefore, these statements may differ from other financial reports submitted pursuant to OMB directives for the purpose of monitoring and controlling the use of the USPTO's budgetary resources. GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official body for setting the accounting standards of the federal government.

The USPTO presents cost of operations by program. Program costs consist of costs related directly to our primary responsibility segments, granting patents and registering trademarks. All costs are assigned to specific programs.

Throughout these financial statements, assets, liabilities, revenues, and costs have been classified according to the type of entity with which the transactions are associated. Intragovernmental assets and liabilities are those from or to other federal entities. Intragovernmental earned revenues are collections or accruals of revenue from other federal entities and intragovernmental costs are payments or accruals to other federal entities.

The USPTO is a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government.

The federal budget classifies the USPTO under the Other Advancement of Commerce (376) budget function. The USPTO does not have lending or borrowing authority. The USPTO does not transact business among its own operating units.

The USPTO is not subject to federal, state, or local income taxes. Accordingly, no provision for income taxes is recorded. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. The USPTO does not receive any allocation transfers.

NOTE 1. Summary of Significant Accounting Policies *(continued)*

Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Basis of Accounting

These financial statements reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. Budgetary accounting is designed to recognize the obligation of funds according to legal requirements, which in many cases is made prior to the occurrence of an accrual-based transaction. Budgetary accounting is essential for compliance with legal constraints and controls over the use of federal funds. The information in the Statement of Budgetary Resources is presented on a combined basis.

Funds from Dedicated Collections

Funds from dedicated collections are financed by specifically identified revenues, which remain available over time. These specifically identified revenues are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the government's general revenues. At the USPTO, funds from dedicated collections include the salaries and expenses fund, fee reserve fund, and the surcharge fund. Additional details are provided in Note 14.

Fiduciary Activities

Fiduciary activities are not recognized on the financial statements, but reported on schedules in the notes to the financial statements. Fiduciary balances are not assets of the federal government. Fiduciary activities are the collection or receipt, and the management, protection, accounting, and disposition by the federal government of cash or other assets in which non-federal individuals or entities have an ownership interest that the federal government must uphold. At the USPTO, fiduciary activities are recorded in the Patent Cooperation Treaty fund and the Madrid Protocol fund. Additional details are provided in Note 19.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

NOTE 1. Summary of Significant Accounting Policies *(continued)*

Revenue and Other Financing Sources

Exchange Revenue: Since FY 1992, the USPTO's funding has been primarily through the collection of user fees. Fees that are remitted with initial applications and requests for other services are recorded as exchange revenue when received, with an adjustment to defer revenue for services that have not been performed. Individual fees for patent maintenance fees and trademark renewal fees are recorded as exchange revenue when received and help to recoup costs incurred during the initial patent and trademark review processes. All amounts remitted by customers without a request for service are recorded as liabilities in customer deposit accounts until services are ordered. In 2011, the USPTO received fee setting authority under section 10 of the Leahy-Smith America Invents Act. Section 10(a) of the Leahy-Smith America Invents Act authorizes the Director of the USPTO to set or adjust by rule all patent and trademark fees to recover the aggregate estimated cost to the USPTO. Provided that the fees in the aggregate achieve overall aggregate cost recovery, the Director of USPTO may set individual fees, at, below, or above their respective cost.

Imputed Financing Sources from Cost Absorbed by Others (and Related Imputed Costs): In certain cases, operating costs of the USPTO are paid for in full, or in, part by funds appropriated to other federal entities. Only certain inter-entity costs are recognized for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. For example, Civil Service Retirement System (CSRS) pension benefits for applicable USPTO employees are paid for in part by the U.S. Office of Personnel Management (OPM), and certain legal judgments against the USPTO are paid for in full from the Judgment Fund maintained by Treasury. Also, the majority of the cost of collecting fees electronically for the USPTO are paid for in full by Treasury. The USPTO includes applicable Imputed Costs on the *Statement of Net Cost*. In addition, an Imputed Financing Source from Cost Absorbed by Others is recognized on the *Statement of Changes in Net Position*.

Transfers In/Out: Intragovernmental transfers of budget authority without reimbursement are recorded at book value.

Entity/Non-Entity

Assets that an entity is authorized to use in its operations are termed entity assets, while assets that are held by an entity and are not available for the entity's use are termed non-entity assets. Most of the USPTO's assets are entity assets and are available to carry out the mission of the USPTO, as appropriated by Congress, with the exception of a portion of the Fund Balance with Treasury and cash and other monetary assets. Additional details are provided in Note 7.

NOTE 1. Summary of Significant Accounting Policies *(continued)*

Fund Balance with Treasury

The USPTO deposits fees collected in commercial bank accounts maintained by the Treasury's Bureau of the Fiscal Service (BFS). All moneys maintained in these accounts are transferred to the Federal Reserve Bank on the next business day following the day of deposit. In addition, many customer deposits are wired directly to the Federal Reserve Bank. All banking activity is conducted in accordance with the directives issued by the BFS. Treasury processes all disbursements. Additional details are provided in Note 2.

Accounts Receivable

Accounts receivable balances are established for amounts owed to the USPTO from its employees and governmental entities that do business with the USPTO. These balances in accounts receivable remains as a very small portion of the USPTO's assets, as the USPTO requires payment prior to the provision of goods or services. Additional details are provided in Note 3.

The USPTO has established an allowance for certain accounts receivables that are considered not collectible. These offsets are established for receivables older than two years with little or no collection activity that have been transferred to Treasury, subsequently adjusting the gross amount of its employee-related accounts receivable to the net realizable value. Based on an analysis of past collections, the USPTO regards all intragovernmental receivable balances as fully collectable.

Advances and Prepayments

The USPTO prepays amounts in anticipation of receiving future benefits. Although a payment has been made, an expense is not recorded until goods have been received or services have been performed. The USPTO has prepayments and advances with non-governmental, as well as governmental vendors. Additional details are provided in Note 6.

Cash and Other Monetary Assets

The USPTO's cash and other monetary assets balance primarily consists of checks, electronic funds transfer, and credit card payments for deposits that are in transit and have not been credited to the USPTO's Fund Balance with Treasury. All such undeposited check amounts are considered to be cash equivalents. Additional details are provided in Note 4.

NOTE 1. Summary of Significant Accounting Policies *(continued)*

General Property, Plant, and Equipment, Net

The USPTO's capitalization policies are summarized below:

Classes of General Property, Plant, and Equipment	Capitalization Threshold for Individual Purchases	Capitalization Threshold for Bulk Purchases
IT Equipment	$50 thousand or greater	$250 thousand or greater
Software	$50 thousand or greater	$250 thousand or greater
Software in Development	$50 thousand or greater	$250 thousand or greater
Furniture	$50 thousand or greater	$50 thousand or greater
Equipment	$50 thousand or greater	$250 thousand or greater
Leasehold Improvements	$50 thousand or greater	Not applicable
Right-to-Use Lease Assets (Note 11)	$1 million or greater	Not applicable

Costs capitalized are recorded at actual historical cost. Depreciation is expensed on a straight-line basis over the estimated useful life of the asset with the exception of leasehold improvements, which are depreciated over the remaining life of the lease or over the useful life of the improvement, whichever is shorter. As needed, useful lives of assets are updated to reflect current estimates; the estimated useful life is used on a prospective basis. Additional details are provided in Note 5.

Employee and contractor costs for developing custom internal use software are capitalized when incurred for the design, coding, and testing of the software. Software in development is not amortized until placed in service.

General property, plant, and equipment acquisitions that do not meet the capitalization criteria are expensed upon receipt.

Workers' Compensation

The Federal Employees' Compensation Act (FECA) provides compensation and medical cost protection to covered federal civilian employees injured on the job and for those who have contracted a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits under the FECA for the USPTO's employees are administered by the Department of Labor (DOL) and are paid ultimately by the USPTO.

Accrued Liability: The DOL bills the USPTO annually as its claims are paid, but payment on these bills is deferred approximately two years to allow for funding through the budget process.

Actuarial Liability: The DOL estimates the future workers compensation liability by applying actuarial procedures developed to estimate the liability for FECA benefits. The actuarial liability estimates for FECA benefits include the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases, plus a component for incurred but not reported claims. The actuarial liability is updated annually.

NOTE 1. Summary of Significant Accounting Policies *(continued)*

Unemployment Compensation

USPTO employees who lose their jobs through no fault of their own may receive unemployment compensation benefits under the unemployment insurance program administered by the DOL. The DOL bills each agency quarterly as its claims are paid.

Annual, Sick, and Other Leave

Annual leave and compensatory time are accrued as earned, with the accrual being reduced when leave is taken. An adjustment is made each fiscal quarter to ensure that the balances in the accrued leave accounts reflect current pay rates. No portion of this liability has been obligated. To the extent current year funding is not available to pay for leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as used.

Employee Retirement Systems and Post-Employment Benefits

USPTO employees participate in either the CSRS or the Federal Employees Retirement System (FERS). The FERS was established by the enactment of Pub. L. No. 99-335. Pursuant to this law, the FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees who had five years of federal civilian service prior to 1984 and who are rehired after a break in service of more than one year may elect to join the FERS and Social Security system or be placed in the CSRS offset retirement system. The USPTO's financial statements do not report CSRS or FERS assets, accumulated plan benefits, or liabilities applicable to its employees. The reporting of such amounts is the responsibility of the OPM, who administers the plans. While the USPTO reported no liability for future payments to employees under these programs, the federal government is liable for future payments to employees through the OPM who administers these programs. The USPTO financial statements recognize a funded expense for the USPTO's share of the costs to the federal government of providing pension, post-retirement health, and post-retirement life insurance benefits to all eligible USPTO employees. In addition to the funded expense, the USPTO financial statements also recognize an imputed cost for the OPM's share of the costs to the federal government of providing pension and post-retirement health benefits to all eligible USPTO employees. The USPTO's appropriation requires full funding of the present costs, as determined by the OPM, of post-retirement benefits for the Federal Employees Health Benefit Program (FEHB), the Federal Employees Group Life Insurance Program (FEGLI), and pensions under the CSRS. While ultimate administration of any post-retirement benefits or retirement system payments will continue to be administered by the OPM, the USPTO is responsible for the payment of the present value associated with these costs calculated using the OPM factors. Any difference between the OPM factors for funding purposes and the OPM factors for reporting purposes is recognized as an imputed cost. Additional details are provided in Note 13.

NOTE 1. Summary of Significant Accounting Policies *(continued)*

For the year ended September 30, 2025, the USPTO made current year contributions through agency payroll contributions and quarterly supplemental payments to OPM equivalent to approximately 29.9% of the employee's basic pay for those employees covered by CSRS, based on OPM cost factors. For the year ended September 30, 2025, the USPTO made current year contributions through agency payroll contributions equivalent to approximately 17.8% of the employee's basic pay for those employees covered by FERS, based on OPM cost factors. As contribution funding increases, imputed costs will correspondingly decrease.

All employees are eligible to contribute to a Thrift Savings Plan. For those employees participating in the FERS, a Thrift Savings Plan is automatically established, and the USPTO makes a mandatory contribution to this plan equal to 1% of the employees' compensation. In addition, the USPTO makes matching contributions ranging from 1% to 4% of the employees' compensation for FERS-eligible employees who contribute to their Thrift Savings Plans. No matching contributions are made to the Thrift Savings Plans for employees participating in the CSRS. Employees participating in the FERS are also covered under the Federal Insurance Contributions Act (FICA), for which the USPTO contributes a matching amount to the Social Security Administration.

Advances from Others and Deferred Revenue

Deferred revenue represents fees that have been received by the USPTO for requested services that have not been substantially completed. Deferred revenue relates primarily to fees for applications that have been partially processed. The deferred revenue balance is estimated by analyzing the process for completing each service that the USPTO provides. The percent incomplete based on the inventory of pending work and completion status is applied to fee collections to estimate the amount for deferred revenue. Deferred revenue at the USPTO is largely impacted by the change patent and trademark filings and changes in fee rates. Increases in patent and trademark filings and fee rates result in increases in deferred revenue. The components of the liability are provided in Note 9.

Net Position

Net Position is the residual difference between assets and liabilities, and is composed of Cumulative Results of Operations. Cumulative Results of Operations is the net result of the USPTO's operations since inception.

Environmental Cleanup

The USPTO does not have any known liabilities for environmental cleanup.

NOTE 2. Fund Balance with Treasury

As of September 30, 2025, Fund Balance with Treasury consisted of the following:

(Dollars in Thousands)		2025
Status of Fund Balance with Treasury:		
Unobligated Balance - Operating Reserves	$	1,046,186
Unobligated Balance - Fee Reserve Fund		323,915
Obligated Balance Not Yet Disbursed		665,912
Temporarily Not Available Pursuant to Public Law		937,819
Non-Budgetary Fund Balance with Treasury		369,420
Total Fund Balance with Treasury	$	3,343,252

No discrepancies exist between the Fund Balance reflected in the general ledger and the balance in the Treasury accounts.

To sustain day-to-day operations by leveling differences between daily fee collections and daily costs and mitigating the risk of changing demand for USPTO services, the USPTO reserves a portion of the amount Congress makes available annually through appropriations to the USPTO Salaries and Expenses general fund as a designated operating reserve that will be carried over for use in future years. As of September 30, 2025, the total Patent reserve was $867,874 thousand and the total Trademark reserve was $178,302 thousand. In addition, the operating reserve includes $10 thousand in returned prior year balances.

As of September 30, 2025, the USPTO collected more fees than appropriated for the fiscal year. As a result, $323,915 thousand was deposited in the fee reserve fund as of September 30, 2025.

As of September 30, 2025, the Non-Budgetary Fund Balance with Treasury includes unavailable surcharge receipts held in a special fund of $233,529 thousand and non-entity customer deposit accounts held in deposit funds of $135,891 thousand.

From FY 1992 through FY 2013, the USPTO was not always appropriated all of the fees and surcharges that were collected from customers.

NOTE 2. Fund Balance with Treasury *(continued)*

As of September 30, 2025, previously collected and temporarily unavailable fee collections on deposit in the USPTO accounts at Treasury consisted of the following:

(Dollars in Thousands)	Patent	Trademark	Total
Previously Collected Fees in Excess of Appropriations	$ 580,443	$ 209,643	$ 790,086
Previously Collected Surcharge Fund Receipts	233,529	-	233,529
Previously Collected Fees Not Available	$ 813,972	$ 209,643	$ 1,023,615
Previously Collected Fees Sequestered	134,291	13,442	147,733
Total Unavailable Fees	$ 948,263	$ 223,085	$ 1,171,348

Of this amount, $790,086 thousand are previously collected fees for patent and trademark services provided to customers, $233,529 thousand are surcharge collections from patent customers withheld in accordance with the OBRA of 1990 and deposited in a special fund receipt account at Treasury, and $147,733 thousand are patent and trademark sequestered funds pursuant to the Consolidated and Further Continuing Appropriations Act, 2013 (Pub. L. No. 113-6) and remain unavailable.

NOTE 3. Accounts Receivable, Net

As of September 30, 2025, USPTO entity accounts receivable consisted of the following:

(Dollars in Thousands)	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	$ 780	$ -	$ 780
With the Public	$ 802	$ (354)	$ 448

NOTE 4. Cash and Other Monetary Assets

As of September 30, 2025, cash and other monetary assets consisted of the following:

(Dollars in Thousands)	2025
Deposits in Transit	$ 15,698
Total Cash and Other Monetary Assets	$ 15,698

As of September 30, 2025, cash and other monetary assets included customer deposit accounts held with the public amounting to $3,155 thousand. Funds maintained in customer deposit accounts are not available for the USPTO to use until an order has been placed (see Note 7).

NOTE 5. General Property, Plant, and Equipment, Net

As of September 30, 2025, general property, plant, and equipment, net, consisted of the following:

(Dollars in Thousands)

Classes of General Property, Plant, and Equipment	Useful Life (Years)	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
IT Equipment	3-5	$ 198,521	$ 172,412	$ 26,109
Software	3	1,523,259	1,316,883	206,376
Software in Development	-	37,321	-	37,321
Furniture	7	22,782	21,216	1,566
Equipment	3-8	2,286	1,911	375
Leasehold Improvements	5-20	121,873	119,236	2,637
Right-to-Use Lease Assets (Note 11)	2-12	24,284	6,040	18,244
Total Property, Plant, and Equipment		$ 1,930,326	$ 1,637,698	$ 292,628

The USPTO does not have any restrictions on the use or convertibility of the general property, plant, and equipment balances. Information regarding deferred maintenance and repairs for the USPTO is included in the Required Supplementary Information (Unaudited) section (see page 102).

(Dollars in Thousands)	2025
Balance, Beginning of Year	$ 337,318
Capitalized Acquisitions	140,910
Right-to-Use Lease Assets	-
Amortization of Right-to-Use Lease Assets	(4,168)
Loss on Dispositions	(8,639)
Depreciation Expense	(172,793)
Balance, End of Year	$ 292,628

NOTE 6. Advances and Prepayments

As of September 30, 2025, advances and prepayments consisted of the following:

(Dollars in Thousands)	2025
Intragovernmental	$ 5,352
With the Public	$ 28,210

The largest governmental prepayments include the National Institute of Health Information Technology Acquisition and Assessment Center for enterprise network infrastructure services support, USPTO deposit accounts held with the U.S. Government Publishing Office to facilitate recurring transactions, the U.S. Postal Service for postage, and the Department of Commerce for centralized services.

The largest prepayments with the public as of September 30, 2025 were predominantly $26,233 thousand for various hardware and software maintenance agreements and $1,977 thousand for various library and online database subscriptions.

NOTE 7. Entity and Non-Entity Assets

Non-entity assets are amounts held on deposit for the convenience of the USPTO's customers. Customer deposit account assets have an equal customer deposit account liability recognized.

Customers have the option of maintaining a deposit account at the USPTO to facilitate the order process. Customers can draw from their deposit account when they place an order and can replenish their deposit account as desired. Funds maintained in customer deposit accounts are not available for the USPTO to use until an order has been placed. Once an order has been placed, the funds are reclassified to entity funds.

As of September 30, 2025, entity and non-entity assets consisted of the following:

(Dollars in Thousands)	**2025**
Fund Balance with Treasury:	
Intragovernmental Customer Deposit Accounts	$ 11,172
Customer Deposit Accounts with the Public	124,719
Total Fund Balance with Treasury	135,891
Undeposited Collections:	
Customer Deposit Accounts with the Public	3,155
Total Non-Entity Assets	139,046
Total Entity Assets	3,547,322
Total Assets	$ 3,686,368

NOTE 8. Liabilities Covered and Not Covered by Budgetary Resources

The USPTO records liabilities for amounts that are likely to be paid as the direct result of events that have already occurred. The USPTO's liabilities covered by budgetary resources are funded by realized budgetary resources. Realized budgetary resources include obligated balances funding existing liabilities and unobligated balances (operating reserves) as of September 30, 2025. Although future appropriations to fund liabilities not covered by budgetary resources are probable and anticipated, Congressional action is needed before budgetary resources can be provided. Liabilities not requiring budgetary resources consist of customer deposit accounts (see Note 7 above).

NOTE 8. Liabilities Covered and Not Covered by Budgetary Resources *(continued)*

As of September 30, 2025, liabilities covered and not covered by budgetary resources were as follows:

(Dollars in Thousands)		2025
Liabilities Covered by Budgetary Resources		
Intragovernmental:		
Accounts Payable	$	13,867
Other Current Liabilities:		
Benefit Program Contributions Payable		18,998
Total Intragovernmental		32,865
With the Public:		
Accounts Payable		76,628
Federal Employee Salary, Leave, and Benefits Payable		61,735
Advances from Others and Deferred Revenue		1,046,176
Other Liabilities:		
Lease Liabilites		2,192
Total with the Public		1,186,731
Total Liabilities Covered by Budgetary Resources	$	1,219,596
Liabilities Not Covered by Budgetary Resources		
Intragovernmental:		
Other Current Liabilities:		
Benefit Program Contributions Payable	$	1,488
Total Intragovernmental		1,488
With the Public:		
Accounts Payable		272
Federal Employee Salary, Leave, and Benefits Payable		278,380
Post-Employment Benefits Payable		6,934
Advances from Others and Deferred Revenue		552,519
Other Liabilities:		
Lease Liabilites		17,791
Contingent Liabilities		125
Total with the Public		856,021
Total Liabilities Not Covered by Budgetary Resources	$	857,509
Liabilities Not Requiring Budgetary Resources		
Intragovernmental:		
Other Liabilities:		
Customer Deposit Accounts	$	11,172
Total Intragovernmental		11,172
With the Public:		
Other Liabilities:		
Customer Deposit Accounts		127,874
Total with the Public		127,874
Total Liabilities Not Requiring Budgetary Resources	$	139,046
Total Liabilities	$	2,216,151

NOTE 9. Advances from Others and Deferred Revenue

As of September 30, 2025, deferred revenue consisted of the following:

(Dollars in Thousands)	Patent	Trademark	Total
Unearned Fees	$ 1,352,150	$ 246,545	$ 1,598,695
Total Deferred Revenue	$ 1,352,150	$ 246,545	$ 1,598,695

NOTE 10. Federal Employee Salary, Leave, and Post-Employment Benefits Payable

As of September 30, 2025, federal employee salary, leave, and post-employment benefits payable consisted of the following:

(Dollars in Thousands)	2025
Intragovernmental:	
Benefit Contributions Payable	
Employer Contributions and Payroll Taxes Payable	$ 18,679
Unemployment Liability	319
Unfunded FECA Liability	1,488
Total Intragovernmental	$ 20,486
With the Public:	
Federal Employee Salary, Leave, and Benefits Payable	
Accrued Payroll	61,735
Unfunded Leave	176,759
Unfunded Employee Award Accrual	101,621
Total Federal Employee Salary, Leave, and Benefits Payable	340,115
Post-Employment Benefits Payable	
Actuarial FECA Liability	6,934
Total With the Public	$ 347,049
Total Federal Employee Salary and Benefits Payable	$ 367,535

The FECA actuarial liability is calculated annually, as of September 30 by the DOL. For FY 2025, projected annual payments were discounted to the present value based on averaging the Treasury's Yield Curve for Treasury Nominal Coupon (TNC) issues for the current and prior four years to reflect the average duration in years for income and medical payments, respectively. Interest rate assumptions utilized for discounting were as follows:

2025
For wage benefits: 3.22% in year 1, and thereafter
For medical benefits: 2.94% in year 1, and thereafter

NOTE 11. Leases

The USPTO may choose to lease certain assets. FASAB SFFAS 54 defines a lease "as a contract or agreement whereby one entity (lessor) conveys the right to control the use of property, plant, and equipment to another entity (lessee) for a period of time as specified in the contract or agreement in exchange for consideration."

Intragovernmental Leases:

An intragovernmental lease is a lease between two government agencies and the lease payments, including lease-related operating costs, are expensed as incurred. The General Services Administration (GSA) negotiates long-term office and warehouse space leases and levies rent charges, paid by the USPTO, approximate to commercial rental rates. These intragovernmental lease agreements for the USPTO's office buildings and warehouse space are cancelable with appropriate notification and expire at various dates between FY 2026 and FY 2034. During the year ended September 30, 2025, the USPTO paid $70,531 thousand to the GSA for rent.

Under existing commitments, the future minimum intragovernmental lease payments as of September 30, 2025 are as follows:

(Dollars in Thousands) Fiscal Year	Total Real Property
2026	$ 47,044
2027	46,424
2028	46,271
2029	41,228
2030	995
Thereafter	1,463
Total Future Minimum Lease Payments	$ 183,425

The commitments shown above relate primarily to the intragovernmental lease for the USPTO headquarters and regional offices.

Lease Location	Lease Initiation	Lease Expiration
Detroit, Michigan	FY 2022	FY 2028
Alexandria, Virginia	FY 2024	FY 2029
Denver, Colorado	FY 2021	FY 2026
Dallas, Texas	FY 2016	FY 2031
Lorton, Virginia	FY 2019	FY 2034

NOTE 11. Leases *(continued)*

In addition, for the year ended September 30, 2025, the USPTO paid $371 thousand for various other intra-governmental leases.

Right-to-Use Leases:

If a non-intragovernmental lease meets criteria whereby the right to control the use of an asset conveys to the USPTO for a period of time in exchange for payment and the contract term is longer than 24 months, then a right-to-use lease is recognized and a lease asset and lease liability are recorded (see Note 5). The below right-to-use leases are for long-term office space (San Jose, California) and a parking garage (Alexandria, VA) leased from private sector entities and expire at various dates between FY 2026 and FY 2036.

Under existing commitments, the future minimum right-to-use lease payments as of September 30, 2025 are as follows:

(Dollars in Thousands) Fiscal Year	Principal	Interest	Total
2026	$ 3,177	$ 776	$ 3,953
2027	3,366	649	4,015
2028	3,564	514	4,078
2029	3,522	371	3,893
2030	938	280	1,218
2031-35	5,416	675	6,091
Total	$ 19,983	$ 3,265	$ 23,248

Short-Term Leases:

A short-term lease is a non-intragovernmental lease with a lease term of 24 months or less. Short-term lease payments are expensed as incurred. For the year ended September 30, 2025, the USPTO paid $127 thousand for short-term leases.

NOTE 12. Other Liabilities - Commitments and Contingencies

The USPTO is a party to various routine administrative proceedings, legal actions, and claims brought by or against it, including threatened or pending litigation involving labor relations claims, some of which may ultimately result in settlements or decisions against the federal government.

As of September 30, 2025, management expects it is reasonably possible that approximately $3,600 thousand may be owed for awards or damages involving labor relations claims.

As of September 30, 2025 the USPTO was subject to suits where management expects an adverse outcome is probable, and claims are estimated at $125 thousand.

For the year ended September 30, 2025, there were no payments made on behalf of the USPTO from the Judgment Fund.

As of September 30, 2025, the USPTO did not have any major long-term commitments.

NOTE 13. Post-employment Benefits

For the year ended September 30, 2025, the post-employment benefit expenses were as follows:

(Dollars in Thousands)	**2025**		
	Funded	**Imputed**	**Total**
CSRS	$ 3,150	$ 2,069	$ 5,219
FERS	377,863	144,239	522,102
FEHB	111,097	22,382	133,479
FEGLI	355	-	355
FICA	163,153	-	163,153
Total Cost	$ 655,618	$ 168,690	$ 824,308

NOTE 14. Funds from Dedicated Collections

Funds from dedicated collections are financed by specifically identified revenues, which remain available over time. These specifically identified revenues are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the government's general revenues. At the USPTO, funds from dedicated collections include the salaries and expenses fund, the fee reserve fund, and the surcharge fund. Non-entity funds, as disclosed in Note 7, are not funds from dedicated collections and are therefore excluded from the below amounts.

The **Salaries and Expenses Fund** contains moneys used for the examining and granting or registering of patents and trademarks and advising the Secretary of Commerce, the President of the United States, and the Administration on patent, trademark, and copyright protection, and trade-related aspects of intellectual property. This fund is used for the USPTO's responsibility to promote the use of intellectual property rights as a means of achieving economic prosperity. These activities give innovators, businesses, and entrepreneurs the protection and encouragement they need to turn their creative ideas into tangible products, and also provide protection for their inventions and trademarks. The USPTO may use moneys from this account only as authorized by Congress via appropriations. As discussed in Note 2 and as of September 30, 2025, the salaries and expenses fund includes the Patent operating reserve of $867,874 thousand and the Trademark operating reserve of $178,302 thousand.

The **Patent and Trademark Fee Reserve Fund** was created by the Leahy-Smith America Invents Act enacted on September 16, 2011 (Pub. L. No. 112-29) modifying 35 U.S.C §42(c). This established a statutory provision requiring the USPTO to deposit in this fund fees collected in excess of the appropriated levels for each fiscal year. Annual appropriations, subject to Congressional reprogramming requirements, provide further the authorization for the USPTO to spend those fees, which are available without fiscal limitation until expended. As of September 30, 2025, $323,915 thousand was deposited in the fee reserve fund.

The **Surcharge Fund** was created through the Patent and Trademark Office Surcharge provision in the Omnibus Budget Reconciliation Act (OBRA) of 1990 (Section 10101, Pub. L. No. 101-508). This required that the USPTO impose a surcharge on certain patent fees and set in statute the amounts of money that the USPTO should deposit in a special fund receipt account at Treasury. Due to a lack of Congressional reauthorization, this surcharge expired at the end of FY 1998. The USPTO may use moneys from this account only as appropriated by Congress, and only as made available by the issuance of a Treasury warrant.

NOTE 14. Funds from Dedicated Collections *(continued)*

(Dollars in Thousands)	Salaries and Expenses Fund	Fee Reserve Fund	Surcharge Fund	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet as of September 30, 2025				
Intragovernmental:				
Fund Balance with Treasury	$ 2,649,917	$ 323,915	$ 233,529	$ 3,207,361
Accounts Receivable, Net	780	-	-	780
Advances and Prepayments	5,352	-	-	5,352
Total Intragovernmental	2,656,049	323,915	233,529	3,213,493
With the Public:				
Cash and Other Monetary Assets	12,543	-	-	12,543
Accounts Receivable, Net	448	-	-	448
General Property, Plant, and Equipment, Net	292,628	-	-	292,628
Advances and Prepayments	28,210	-	-	28,210
Total With the Public	333,829	-	-	333,829
Total Assets	$ 2,989,878	$ 323,915	$ 233,529	$ 3,547,322
Intragovernmental:				
Accounts Payable	$ 13,867	$ -	$ -	$ 13,867
Benefit Program Contributions Payable	20,486	-	-	20,486
Total Intragovernmental	34,353	-	-	34,353
With the Public:				
Accounts Payable	76,900	-	-	76,900
Federal Employee Salary, Leave, and Benefits Payable	340,115	-	-	340,115
Post-Employment Benefits Payable	6,934	-	-	6,934
Advances from Others and Deferred Revenue	1,598,695	-	-	1,598,695
Other Liabilities:				
Lease Liabilities	19,983	-	-	19,983
Contingent Liabilities	125	-	-	125
Total with the Public	2,042,752	-	-	2,042,752
Total Liabilities	$ 2,077,105	$ -	$ -	$ 2,077,105
Cumulative Results of Operations	912,773	323,915	233,529	1,470,217
Total Liabilities and Net Position	$ 2,989,878	$ 323,915	$ 233,529	$ 3,547,322
Statement of Net Cost For the Year Ended September 30, 2025				
Total Program Cost	$ 4,619,294	$ -	$ -	$ 4,619,294
Less Program Earned Revenue	(4,423,221)	-	-	(4,423,221)
Net Cost of Operations	$ 196,073	$ -	$ -	$ 196,073
Statement of Changes in Net Position For the Year Ended September 30, 2025				
Cumulative Results of Operations				
Beginning Balance	$ 1,207,466	$ -	$ 233,529	$ 1,440,995
Transfers In/(Out) Without Reimbursement	(326,355)	323,915	-	(2,440)
Imputed Financing	227,735	-	-	227,735
Net Cost of Operations	(196,073)	-	-	(196,073)
Net Change in Cumulative Results of Operations	(294,693)	323,915	-	29,222
Cumulative Results of Operations - Ending	$ 912,773	$ 323,915	$ 233,529	$ 1,470,217
Net Position, End of Year	$ 912,773	$ 323,915	$ 233,529	$ 1,470,217

NOTE 15. Program Costs

Program costs consist of both costs related directly to the responsibility segments (patent and trademark programs) and overall support costs, which are allocated to the responsibility segments based on their proportionate share. All costs are assigned to the specific programs. Total program costs for the year ended September 30, 2025 by cost category were as follows:

(Dollars in Thousands)	2025		
	Direct	**Allocated**	**Total**
Personnel Services and Benefits	$ 3,104,806	$ 315,602	$ 3,420,408
Travel and Transportation	1,377	1,932	3,309
Rent, Communications, and Utilities	49,261	28,550	77,811
Printing and Reproduction	179,404	299	179,703
Contractual Services	192,282	405,641	597,923
Training	2,167	1,604	3,771
Maintenance and Repairs	1,852	38,246	40,098
Supplies and Materials	48,305	2,451	50,756
Equipment not Capitalized	2,596	57,233	59,829
Insurance Claims and Indemnities	204	(118)	86
Depreciation, Amortization, and Loss on Asset Dispositions	110,761	74,839	185,600
Total Program Costs	$ 3,693,015	$ 926,279	$ 4,619,294

NOTE 16. Program Costs by Responsibility Segment

The following tables present program costs for the USPTO's primary responsibility segments (patent and trademark programs).

The program costs for the year ended September 30, 2025 by responsibility segment were as follows:

(Dollars in Thousands)	2025		
	Patent	**Trademark**	**Total**
Direct Costs			
Personnel Services and Benefits	$ 2,780,025	$ 324,781	$ 3,104,806
Travel and Transportation	1,245	132	1,377
Rent, Communications, and Utilities	43,127	6,134	49,261
Printing and Reproduction	179,398	6	179,404
Contractual Services	153,436	38,846	192,282
Training	2,016	151	2,167
Maintenance and Repairs	1,729	123	1,852
Supplies and Materials	45,858	2,447	48,305
Equipment not Capitalized	1,968	628	2,596
Insurance Claims and Indemnities	192	12	204
Depreciation, Amortization, and Loss on Asset Dispositions	92,795	17,966	110,761
Subtotal Direct Costs	$ 3,301,789	$ 391,226	$ 3,693,015
Allocated Costs			
Automation	$ 309,608	$ 77,822	$ 387,430
Resource Management	440,798	98,051	538,849
Subtotal Allocated Costs	$ 750,406	$ 175,873	$ 926,279
Total Program Costs	$ 4,052,195	$ 567,099	$ 4,619,294

NOTE 17. Budgetary Resources

Total budgetary resources are primarily comprised of Congressional authority to spend current year fee collections. The USPTO receives an apportionment of Category A funds from OMB, which apportions budgetary resources by fiscal quarter. The USPTO does not receive any Category B funds, or those exempt from apportionment.

For FY 2025, the USPTO was under a year-long continuing resolution and was appropriated up to $4,195,799 thousand for fees collected during the fiscal year. For the year ended September 30, 2025, the USPTO collected $283,421 thousand more than the amount apportioned through September 30, 2025 (over-collections of fees of $323,915 thousand and net under-collections of other budgetary resources of $40,494 thousand).

Total budgetary resources also include carryover of prior year budgetary resources (operating reserve). Carryover is derived from year-end budgetary resources that have not been obligated. Usage of the fees in the following fiscal year is for compensation and operational requirements on a first-in, first-out basis. For FY 2025, the carryover amount that was brought into the fiscal year from FY 2024 was $1,141,891 thousand, all of which were comprised of operating reserves which were immediately available.

As of September 30, 2025 there was $1,370,091 thousand of unobligated budgetary resources (operating reserves). Of this amount, $1,046,176 thousand are in the salaries and expenses fund and are immediately available once apportioned and $323,915 thousand are in the fee reserve fund and available after Congressional notification and apportioned.

As of September 30, 2025, reimbursable obligations incurred were $4,334,570 thousand.

Funding Limitations

Pursuant to the Leahy-Smith America Invents Act (35 U.S.C. §42(c)), all fees available to the Director under section 31 of the Trademark Act of 1946 are used only for the processing of trademark registrations and for other activities, services, and materials relating to trademarks, as well as to cover a proportionate share of the administrative costs of the USPTO.

Pursuant to the Leahy-Smith America Invents Act (35 U.S.C. §42(c)), all fees available to the Director under sections 41, 42, and 376 of 35 U.S.C. are used only for the processing of patent applications and for other activities, services, and materials relating to patents, as well as to cover a proportionate share of the administrative costs of the USPTO.

Since FY 1992, the USPTO has not always been appropriated all of the fees that have been collected. The total temporarily unavailable fee collections pursuant to Public Law as of September 30, 2025 are $1,171,348 thousand. Of this amount, certain USPTO collections of $233,529 thousand were withheld in accordance with the OBRA of 1990, and deposited in a special fund receipt account at Treasury.

Pursuant to the *Consolidated and Further Continuing Appropriations Act, 2013* (Pub. L. No. 113-6), the USPTO has sequestered funds of $147,733 thousand (8.6% of fees collected starting March 1, 2013 through the end of the fiscal year). The sequestered funds, while included in the USPTO Salaries and Expenses Fund, are not available for spending without further Congressional action.

NOTE 17. Budgetary Resources *(continued)*

Undelivered Orders

In addition to the future lease commitments discussed in Note 11, the USPTO is obligated for the purchase of goods and services that have been ordered, but not yet received.

As of September 30, 2025, reimbursable undelivered orders consisted of the following:

(Dollars in Thousands)	Unpaid	Paid	Total
Intragovernmental	$ 30,429	$ 5,352	$ 35,781
With the Public	466,451	28,210	494,661
Total Undelivered Orders	$ 496,880	$ 33,562	$ 530,442

Explanation of Differences between the Statement of Budgetary Resources (SBR) and the Budget of the U.S. Government

A comparison was performed between the amounts reported in the FY 2024 SBR and the actual FY 2024 amounts reported in the FY 2025 Budget of the U.S. government for SBR lines *Total Budgetary Resources*; *New Obligations*; and *Net Outlays (discretionary)*. There were no material differences identified. The President's Budget that will report actual amounts for FY 2025 has not yet been published, and will be made available on OMB's President's Budget webpage.

NOTE 18. Incidental Custodial Collections

Custodial collections represent miscellaneous general fund receipts of $216 thousand for the year ended September 30, 2025, and includes non-electronic patent filing fees, gains on foreign exchange rates, and employee debt finance charges. Custodial collection activities are considered immaterial and incidental to the mission of the USPTO.

NOTE 19. Fiduciary Activities

Fiduciary activities are the collection or receipt, and the management, protection, accounting, and disposition by the federal government of cash or other assets in which non-federal individuals or entities have an ownership interest that the federal government must uphold. Fiduciary cash and other assets are not assets of the federal government and accordingly are not recognized on the proprietary financial statements.

The Patent Cooperation Treaty authorized the USPTO to collect patent filing and search fees on behalf of the World Intellectual Property Organization (WIPO), European Patent Office, Korean Intellectual Property Office, Australian Patent Office, Israeli Patent Office, Japanese Patent Office, the Intellectual Property Office of Singapore, and the Intellectual Property Office of the Philippines from U.S. citizens requesting an international patent. The Madrid Protocol Implementation Act authorized the USPTO to collect trademark application fees on behalf of the International Bureau of the WIPO from U.S. citizens requesting an international trademark.

NOTE 19. Fiduciary Activities *(continued)*

(Dollars in Thousands)	Patent Cooperation Treaty	Madrid Protocol	Total Fiduciary Funds
Schedule of Fiduciary Activity For the Year Ended September 30, 2025			
Fiduciary Net Assets, Beginning of Year	$ 15,897	$ 1,002	$ 16,899
Contributions	154,459	41,491	195,950
Disbursements To and on Behalf of Beneficiaries	(151,187)	(40,881)	(192,068)
Increase in Fiduciary Net Assets	3,272	610	3,882
Fiduciary Net Assets, End of Year	$ 19,169	$ 1,612	$ 20,781

(Dollars in Thousands)	Patent Cooperation Treaty	Madrid Protocol	Total Fiduciary Funds
Fiduciary Net Assets as of September 30, 2025			
Cash and Cash Equivalents	$ 19,169	$ 1,612	$ 20,781
Total Fiduciary Net Assets	$ 19,169	$ 1,612	$ 20,781

(Dollars in Thousands)	Patent Cooperation Treaty	Madrid Protocol	Total Fiduciary Funds
Schedule of Fiduciary Activity For the Year Ended September 30, 2024			
Fiduciary Net Assets, Beginning of Year	$ 16,693	$ 1,080	$ 17,773
Contributions	159,928	39,308	199,236
Disbursements To and on Behalf of Beneficiaries	(160,724)	(39,386)	(200,110)
Decrease in Fiduciary Net Assets	(796)	(78)	(874)
Fiduciary Net Assets, End of Year	$ 15,897	$ 1,002	$ 16,899

(Dollars in Thousands)	Patent Cooperation Treaty	Madrid Protocol	Total Fiduciary Funds
Fiduciary Net Assets as of September 30, 2024			
Cash and Cash Equivalents	$ 15,897	$ 1,002	$ 16,899
Total Fiduciary Net Assets	$ 15,897	$ 1,002	$ 16,899

NOTE 20. Reconciliation of Net Cost to Net Outlays

Most entity transactions are recorded in both budgetary and proprietary accounts. However, because different accounting guidelines are used for budgetary and proprietary accounting, some transactions may appear in only one set of accounts. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. This reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays. *Net Outlays*

NOTE 20. Reconciliation of Net Cost to Net Outlays (continued)

are composed of Gross Outlays less Offsetting Collections. The second section reverses out items included in *Net Cost that are not part of Net Outlays*. The third section adds items included in *Net Outlays that are not part of Net Cost*. Items that do not have a budgetary impact as of the Balance Sheet date, such as collections that have been deposited but not yet confirmed, or items that have a budgetary impact without a corresponding cost impact, such as accrued asset amounts (see Note 5), are not included in this reconciliation.

For the year ended September 30, 2025, the reconciliation of net cost to net outlays is as follows:

	2025		
(Dollars in Thousands)	**Intragovernmental**	**With the Public**	**Total**
NET COST/(INCOME) FROM OPERATIONS	$ 1,170,989	$ (974,916)	$ 196,073
COMPONENTS OF NET COST THAT ARE NOT PART OF NET OUTLAYS:			
Property, Plant, and Equipment Depreciation	-	(172,793)	(172,793)
Amortization of Right-to-Use Lease Assets	-	(4,168)	(4,168)
Property, Plant, and Equipment Disposal and Revaluation	-	(8,639)	(8,639)
Increase/(Decrease) in Assets:			
Accounts Receivable	(281)	58	(223)
Cash and Other Monetary Assets	-	4,510	4,511
Advances and Prepayments	(817)	(2,314)	(3,131)
(Increase)/Decrease in Liabilities:			
Accounts Payable	(2,335)	21,465	19,129
Benefit Program Contributions Payable	(3,209)	-	(3,209)
Federal Employee Salary, Leave, and Benefits Payable	-	(1,330)	(1,330)
Post-Employment Benefits Payable	-	234	234
Advances from Others and Deferred Revenue	-	(99,279)	(99,279)
Other Liabilities:			
Principal Payments on Lease Liabilities	-	3,218	3,218
Contingent Liabilities	-	225	225
Other Financing Sources:			
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(168,691)	-	(168,691)
Other Imputed Financing	(59,044)	-	(59,044)
Total Components of Net Cost That Are Not Part of Net Outlays	(234,377)	(258,813)	(493,190)
COMPONENTS OF NET OUTLAYS THAT ARE NOT PART OF NET COST:			
Acquisition of Capital Assets	618	133,359	133,977
Total Components of Net Outlays That Are Not Part of Net Cost	618	133,359	133,977
NET OUTLAYS	$ 937,230	$ (1,100,370)	$ (163,140)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Combining Statement of Budgetary Resources by Major Budget Account

The following table illustrates the USPTO's FY 2025 budgetary resources by major budget account.

(Dollars in Thousands)	Salaries and Expenses Fund	Fee Reserve Fund	Combining Total
For the Year Ended September 30, 2025			
Unobligated Balance, Brought Forward	$ 1,141,901	$ -	$ 1,141,901
Recoveries of Prior Year Obligations	43,717	-	43,717
Unobligated Balance from Prior Year Budget Authority, Net (discretionary)	1,185,618	-	1,185,618
Spending Authority from Offsetting Collections (discretionary)	4,195,138	323,915	4,519,053
Total Budgetary Resources	$ 5,380,756	$ 323,915	$ 5,704,671
STATUS OF BUDGETARY RESOURCES			
New Obligations	$ 4,334,570	$ -	$ 4,334,570
Unobligated Balance, End of Year:			
Apportioned	1,046,176	-	1,046,176
Unapportioned	10	323,915	323,925
Total Unobligated Balance, End of Year:	1,046,186	323,915	1,370,101
Total Status of Budgetary Resources	$ 5,380,756	$ 323,915	$ 5,704,671
OUTLAYS, NET			
Net Collections (discretionary)	$ (163,140)	$ -	$ (163,140)

Deferred Maintenance and Repairs

Deferred maintenance and repairs (DM&R) are maintenance and repairs that were not performed when they should have been, that were scheduled and not performed, or that were delayed for a future period. Maintenance and repairs are activities directed towards keeping PP&E in acceptable operating condition. These activities include preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it can deliver acceptable performance and achieve its expected life. Maintenance and repairs exclude activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.

The PP&E at the USPTO consist of furniture and fixtures, IT equipment, office and telecommunication equipment, leasehold improvements, and software. It is entity policy to ensure that all PP&E, regardless of recorded value, is maintained, preserved, and managed in a safe and effective manner. The USPTO conducts periodic user feedback meetings to evaluate the effectiveness of training, operations, maintenance, facilities, continuity of operations, and supporting documentation of automated systems. The USPTO prioritizes maintenance and repair projects to sustain its PP&E in good operating condition, including maintaining warranties. Funds are used to replace equipment on a regular cycle in order to keep operations and maintenance costs stable and low. Accordingly, DM&R do not arise for PP&E at the USPTO, and no periodic assessment is performed.

The first new class of patent examiner hires in 2025 attended new employee orientation and took the oath of office. This was the first post-COVID orientation to be held in person. (Photo by Jeff Isaacs/USPTO)

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Office of Audit and Evaluation
Washington, DC 20230

December 9, 2025

MEMORANDUM FOR: John A. Squires
Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office

FROM: Richard Bachman
Deputy Assistant Inspector General for Audit and Evaluation

SUBJECT: *United States Patent and Trademark Office FY 2025 Financial Statements*
Final Report No. OIG-26-004-A

I am pleased to provide you with the attached audit report, which presents an unmodified opinion on the United States Patent and Trademark Office's (USPTO's) fiscal year 2025 financial statements. KPMG LLP—an independent public accounting firm—performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in *Government Auditing Standards*, and Office of Management and Budget Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

In its audit of USPTO, KPMG:

- determined that the financial statements were fairly presented, in all material respects, and in accordance with U.S. generally accepted accounting principles
- identified no material weaknesses in internal control over financial reporting
- identified no instances of reportable noncompliance with applicable laws, regulations, contracts, and grant agreements

KPMG is solely responsible for the attached audit report and the conclusions expressed in it. We do not express any opinion on USPTO's financial statements; any conclusions about the effectiveness of internal control over financial reporting; or any conclusions on compliance with applicable laws, regulations, contracts, and grant agreements.

This report will be posted on our website per the Inspector General Act of 1978, as amended (5 U.S.C. §§ 404, 420).

We would like to thank USPTO's staff and management for their cooperation and courtesies extended to KPMG LLP and my office during this audit.

Attachment

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Acting Inspector General, U.S. Department of Commerce and
Under Secretary of Commerce for Intellectual Property and
Director of the U.S. Patent and Trademark Office:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the United States Patent and Trademark Office (USPTO), which comprise the balance sheet as of September 30, 2025, and the related statements of net cost and changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the USPTO as of September 30, 2025, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the USPTO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter - Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Agency Financial Report to provide additional information for the users of its financial statements. Such information is not a required part of the financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not

KPMG

a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02 we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the USPTO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the USPTO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Agency Financial Report. The other information comprises the Financial and Related Highlights, Key Performance Indicators, Table of Contents, Leadership Message, Introduction, Message from the Office of the Chief Financial Officer, Other Information, Glossary of Acronyms, URL Index, and Acknowledgments, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2025, we considered the USPTO's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the USPTO's internal control. Accordingly, we do not express an opinion on the effectiveness of the USPTO's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the USPTO's financial statements as of and for the year ended September 30, 2025 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the USPTO's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the USPTO's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, District of Columbia
December 5, 2025

OTHER INFORMATION (UNAUDITED)

Summary of Financial Statement Audit and Management Assurances

TABLE 7: SUMMARY OF FINANCIAL STATEMENT AUDIT

Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

TABLE 8: SUMMARY OF MANAGEMENT ASSURANCES

Effectiveness of Internal Control over Financial Reporting (FMFIA §2)						
Statement of Assurance	Unmodified Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA §2)						
Statement of Assurance	Unmodified Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA §4)						
Statement of Assurance	Systems conform to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformances	0	0	0	0	0	0

Compliance with Section 803(a) of the FFMIA		
	Agency	Auditor
1. Federal Financial Management System Requirements	No lack of compliance noted	No lack of compliance noted
2. Applicable Federal Accounting Standards	No lack of compliance noted	No lack of compliance noted
3. U.S. Standard General Ledger at Transaction Level	No lack of compliance noted	No lack of compliance noted

Inspector General's Top Management Challenges Facing the USPTO

The USPTO is responsible for resolving the Management Challenge Section 2: Providing Core Services and Data – *Patent and Trademark Timeliness and Integrity*, as described in the OIG's December 1st report, Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2026. The USPTO is also responsible for continuing to improve its own cybersecurity posture in support of resolving Management Challenge Section 1: Modernizing Technology and Operations – *Information Security and Artificial Intelligence and Other Emerging Technologies*. For more details on the OIG report, with further explanation of these challenges, please refer to the DOC's AFR.

UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, DC 20230

December 1, 2025

MEMORANDUM FOR: Secretary of Commerce Howard Lutnick

FROM: Duane E. Townsend
Acting Inspector General

SUBJECT: *Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2026*
Report No. OIG-26-003

Attached is our final report on the Department's top management and performance challenges for fiscal year 2026.

We are required by statute to annually report the most serious management and performance challenges facing the Department and to briefly assess its progress in addressing the challenges.[1] This report will be included in the Department's *Agency Financial Report* for FY 2025 and posted on our website.

We appreciate the cooperation we have received from the Department during our work on this report. If you have questions or wish to discuss our conclusions, please contact me at 202-794-7788.

Attachment

cc: Paul M. Dabbar, Deputy Secretary of Commerce
Yevette DePinto, Chief of Staff
Brian Epley, Chief Information Officer
Jeremy Pelter, Acting Chief Financial Officer and Assistant Secretary for Administration
Operating Unit Heads
Operating Unit Audit Liaisons

[1] 31 U.S.C. § 3516(d).

Executive Summary

Office of Inspector General
U.S. Department of Commerce

Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2026

Report No. OIG-26-003
December 1, 2025

About the Office of Inspector General

Our mission is to improve the Department of Commerce's programs and operations through independent and objective audits, investigations, and evaluations. We follow established governmental standards to accomplish our work and report our results to departmental leadership and Congress.

Visit us at https://www.oig.doc.gov/ for more information and to view our other reports. To report fraud, waste, and abuse in the Department's bureaus and programs, contact our hotline: https://www.oig.doc.gov/doc-oig-hotline-intro/.

About the *Top Management Challenges* Report

This report summarizes the Department's most serious management and performance challenges in FY 2026. If the Department does not address these challenges, it will struggle to successfully implement its priorities and meet its mission of creating conditions for economic growth and opportunities for all communities.

The report's three sections broadly reflect the Department's major challenge areas:

1. Modernizing technology and operations
2. Providing core services and data
3. Managing spending

On the following pages, we briefly describe the challenges in each of these areas.

Section 1: Modernizing Technology and Operations

Strengthening the Department's IT security and modernizing technology, systems, and operations to increase efficiency and better serve the American people.

Information Security

Despite some progress over the years, the Department's cybersecurity program still cannot be considered effective overall. And while plans to streamline operations may improve efficiency, they will also create challenges in sustaining adequate cybersecurity funding and staffing.

Modernizing Departmental Systems

Implementation of two new departmental systems, intended to modernize financial and grant management, is progressing. However, both projects have suffered cost increases, significant schedule delays, and performance issues.

Artificial Intelligence and Other Emerging Technologies

As the Department accelerates its use of AI, a significant challenge will be to implement guidance and protect users' safety and privacy. The U.S. Patent and Trademark Office (USPTO), too, is working to ensure that its new technologies, including AI tools, are effective.

NIST Facility Upgrades

The National Institute of Standards and Technology's (NIST's) outdated, dilapidated facilities threaten mission performance and worker health and safety. NIST has developed a plan to address the condition of its facilities, but the plan relies on sustained, long-term funding from Congress.

Section 2: Providing Core Services and Data

Providing essential information and services to stakeholders on varied subjects like trade, weather and environment, intellectual property, and U.S. population.

Global Trade

The Bureau of Industry and Security has implemented and expanded many export controls in recent years to address the national security threats posed by foreign adversaries that try to obtain U.S. goods and technologies. At the same time, the International Trade Administration's enforcement of trade remedies empowers American companies and workers, but it has not yet taken some steps needed to effectively resolve foreign trade barriers.

Satellite, Weather, and Environmental Capabilities

The National Oceanic and Atmospheric Administration's (NOAA's) fleet of geostationary weather satellites has been deployed, but long-term continuity of weather data depends on the timely development of the next-generation satellite program, whose scope and readiness remain in flux.

In addition, the National Weather Service (NWS) is maintaining its aging, mission-critical weather radar system even as it faces uncertainty around its planned replacement. NWS also faces long-standing workforce challenges, exacerbated by the departure of approximately 13 percent of its employees in early 2025.

NOAA is replacing its aging fleets of specialized "hurricane hunter" planes and research ships. To prevent gaps in critical real-time hurricane data and support safe navigation, coastal resource management, and disaster preparedness and response, NOAA is maintaining its current fleets' operations as it addresses technical challenges associated with the replacements.

Finally, the Department has begun providing basic space situational awareness data and services. Programmatic, acquisition, and resource challenges could impact the Office of Space Commerce's ability to complete a key step toward fulfilling its requirements.

Patent and Trademark Timeliness and Integrity

USPTO has made some progress in reducing trademark application pendency. It still needs to improve the timeliness of its patent and trademark application processes and effectively address fraudulent claims without sacrificing quality.

2030 Census and Other Population Surveys

The U.S. Census Bureau has planned extensive research and testing to prepare for the 2030 census, but challenges persist with an important census quality check. The bureau also must carry out production and quality assurance processes for a survey that provides population estimates of American communities. At the same time, staffing issues may affect its ability to complete the surveys that provide data the government, businesses, and other groups need.

Executive Summary, Top Management Challenges FY 2026 3

Section 3: Managing Spending

Funding and managing major programs efficiently to maximize American technological leadership while protecting taxpayer dollars from risk, fraud, waste, and abuse.

Oversight and Fraud Prevention

As the Department focuses on the President's America First Investment Policy and revitalizing the economy, its challenges include adapting its grant and contract oversight to changing priorities and programs, consolidating programs for more efficiency, ensuring that its acquisitions staff has the skills and expertise needed, and managing fraud risk by increasing fraud detection, prevention, and response.

Broadband Grant Programs

The National Telecommunications and Information Administration (NTIA) is administering almost $49.8 billion for six grant programs aimed at getting broadband access to every American. NTIA has begun addressing unrealistic requirements that cause delays and hinder progress even as an increased emphasis on eliminating government waste highlights the need for strong oversight.

CHIPS and Science Act Programs

To help increase American leadership in semiconductors and related technologies, the CHIPS program is awarding and managing up to $125 billion in direct funding, loans, and loan guarantees. The program's ongoing challenge is to issue funding efficiently while reducing the risk of errors, fraud, waste, and abuse.

In addition, NTIA is managing the Public Wireless Supply Chain Innovation Fund, a CHIPS Act-funded grant program aimed at increasing U.S. leadership in 5G and successor technologies. As it implements this program, NTIA needs to ensure that funds are granted only to eligible applicants and used according to program objectives.

First Responder Network Authority

FirstNet Authority administers a multibillion-dollar contract with AT&T to develop and manage a nationwide broadband network to give public safety entities a dedicated, reliable means of communicating during emergency response. Longstanding deficiencies in FirstNet Authority's contract administration seriously impact the contract's performance as well as the network's services to first responders.

Hollings MEP Program

Inadequate oversight has placed NIST's Hollings Manufacturing Extension Partnership program, which aims to help U.S. manufacturers improve, upgrade, and innovate, at risk. Inefficient use of funds and unreliable, overstated economic impact data increase the potential for fraud, waste, and abuse throughout the program.

Payment Integrity Information Act of 2019 reporting

The Payment Integrity Information Act of 2019 (PIIA) requires agencies periodically to review all programs and activities, identify and take multiple actions on those that may be susceptible to significant improper payments, and annually report information on their improper payment monitoring and minimization efforts. OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement provides guidance to agencies on complying with PIIA and making efforts to monitor and minimize improper payments. The USPTO has not identified any programs or activities susceptible to significant improper payments or any significant problems with improper payments.

The USPTO recognizes the importance of maintaining adequate internal controls to ensure the accuracy and integrity of the agency's payments, and it maintains a strong commitment to continuously improving its overall disbursement management process. The USPTO will continue its efforts to ensure the integrity of its disbursements.

Risk Assessment

The USPTO annually reviews all of its programs and activities to assist in identifying, reporting on, and preventing erroneous or improper payments. The USPTO completed this review in FY 2025.

The USPTO annually assesses the effectiveness of its internal control over financial reporting in compliance with OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Furthermore, for FY 2026 and beyond, the USPTO will include a review of its internal controls over disbursement processes in its annual assessment.

The USPTO completes an annual improper payment risk assessment covering all of its programs and activities, as required by OMB Circular A-123, Appendix C. These improper payment risk assessments also include assessments of the control and procurement environments.

The results of the USPTO assessments revealed no programs that were susceptible to risk and demonstrated that, overall, the USPTO has strong internal controls over disbursement processes, the number of improper payments by the USPTO is immaterial, and the risk of improper payments is low.

Statistical Sampling

As none of the USPTO's programs or activities are susceptible to significant improper payments, the USPTO has not conducted a statistical sample to estimate the improper payment rate for USPTO programs and activities.

Improper Payments Reporting, Root Causes, and Corrective Actions

During FY 2025, improper payments for all USPTO programs and activities amounted to $0.9 million, or 0.02% of total outlays. As none of the USPTO's programs or activities are susceptible to significant improper payments, the USPTO does not present an improper payment reduction outlook, root cause analyses, or corrective actions for the agency's programs and activities.

Accountability

The USPTO has not identified any significant problems with improper payments. During FY 2025, improper payments for all USPTO programs and activities did not exceed the statutory thresholds for increased reporting. The USPTO recognizes the importance of maintaining adequate internal controls to ensure proper payments, and the agency remains strongly committed to continuously improving its disbursement management processes. The USPTO's CFO is responsible for establishing policies and procedures for assessing USPTO and program risks of improper payments; taking actions to reduce improper payments; and reporting the results of reduction actions to management for oversight and further steps, as deemed appropriate. The CFO has designated the Deputy CFO to oversee initiatives related to reducing improper payments within the USPTO.

Recaptures of Improper Payments

a. **Payment Recapture Audits**
The USPTO does not currently conduct recapture audits, as prior recapture audit activities did not yield any meaningful results. As the USPTO determined that recapture audits are not cost-effective, the agency does not present payment recapture rates, disposition of recaptured funds, and aging of outstanding overpayments for its programs and activities.

b. **Overpayments Recaptured Outside of Payment Recapture Audits**
Table 9 summarizes overpayments the USPTO identified in FY 2025. These payments include payment recaptures of improper payments reported in the current reporting period.

TABLE 9: OVERPAYMENTS RECAPTURED OUTSIDE FOR RECAPTURE AUDITS
(dollars in millions)

Source of Overpayments	FY 2025	
	Amounts Identified for Payment Recapture	Amounts Recaptured
Post-payment Reviews	$ 0.22	$ 0.17
Audits and Other Reviews	0.13	-
Reported by Vendors	0.23	0.23
Total	$ 0.58	$ 0.40

The USPTO continues to enhance its processes by identifying and implementing additional procedures to prevent and detect improper payments. In FY 2025, the USPTO continued its reporting procedures to senior management and to DOC on improper payments and payment recapture data. As part of this reporting procedure, the USPTO identifies the nature and magnitude of any improper payments, along with any necessary control enhancements to prevent further occurrences of the types of improper payments identified. The USPTO's analysis of reported data reflects that improper payments were below 0.02% in FY 2025. The USPTO has also reviewed all financial statement audit comments and the results of other payment reviews for indications of disbursement control breaches. None of these audit comments or reviews have uncovered any significant problems with improper payments or the internal controls the USPTO applied to disbursements.

The USPTO has improper payment monitoring and minimization efforts in place, including the identification of improper payments through post-payment and contract closeout reviews. The agency seeks to identify overpayments and erroneous payments by reviewing credit memos and refund checks issued by vendors or customers and undelivered electronic payments returned by financial institutions. The USPTO also inquires with business units monthly about whether they, through the contract oversight process, identified any improper payments. In addition, the agency has improved processes to minimize erroneous payments resulting from vendor payment assignments, which have historically been the source of the larger improper payments. The USPTO now keeps a master file for all assignments that is available to all payment technicians and approvers. The USPTO also periodically reminds technicians and approvers to monitor assignments.

c. Agency Reduction of Improper Payments with the Do Not Pay Initiative

The USPTO employs a periodic vendor record eligibility validation process using Do Not Pay Initiative databases to prevent improper payments. In addition, the USPTO has incorporated the following PIIA-listed Do Not Pay Initiative databases into existing business processes and programs:

- The Death Master File of the Social Security Administration
- GSA's Excluded Parties List System/ System for Award Management
- OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement

Furthermore, the USPTO conducts monthly post-payment screenings using a batch process. The agency screens an applicable subset of payments to identify any improper payments and takes any appropriate recovery, corrective, and preventative actions. Also, the USPTO continuously monitors an applicable subset of active vendor records to ensure vendors are not subject to payment and procurement restrictions. The USPTO uses its monitoring results to better maintain vendor records and reduce or prevent improper payments and awards. During FY 2025, the validation processes using the Do Not Pay Initiative databases did not result in the identification or reduction of any improper payments or awards.

TABLE 10: RESULTS OF THE DO NOT PAY INITIATIVE IN PREVENTING IMPROPER PAYMENTS
(dollars in millions)

	Number of Payments Reviewed for Possible Improper Payments	Dollars of Payments Reviewed for Possible Improper Payments	Number of Payments Stopped	Dollars of Payments Stopped	Number of Potential Improper Payments Reviewed and Determined Accurate	Dollars of Potential Improper Payments Reviewed and Determined Accurate
Reviews with the PIIA-specified databases	19,348	$ 887.8	0	$ -	0	$ -
Reviews with other databases not listed in PIIA	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Fraud Reduction Report

The PIIA requires federal agencies to improve their financial and administrative controls and procedures to assess and mitigate fraud risks. The PIIA also requires federal agencies to improve their development and use of data analytics to identify, prevent, and respond to fraud, including improper payments.

The USPTO considers the risk of fraudulent financial reporting and misappropriation of assets using internal controls and subsequent reviews. The agency consistently monitors internal controls, including approvals, authorizations, verifications, reconciliations, performance reviews, security activities, and the production of records and documentation. Restricting account access to financial management systems and account access rights helps to reduce opportunities for fraudulent financial activities. In addition, segregating duties ensures roles are separated appropriately to decrease the likelihood of waste, abuse, fraudulent financial reporting, and the misappropriation of assets.

Control activities occur at all levels of the USPTO, and the agency reviews control activities annually to assess the risk of errors or irregularities due to fraud. The reviews the USPTO performs for OMB Circular A-123, Appendix A, test internal controls over financial reporting, which relate to the reliability of financial statements. At the beginning of the review, the USPTO performs a risk assessment and uses a risk-based approach to test financial controls. Throughout the year, the USPTO conducts variance analyses to identify trends and possible discrepancies that could indicate fraud or waste to investigate and correct the identified controls before the potential errors are included in the financial statements.

Within the federal government, payroll, contractor payments, and purchase and travel cards have an increased risk of and vulnerability to fraud. The OIG receives and reviews whistleblower and fraud, waste, and abuse complaints.

The USPTO implements controls to prevent the risk of time and attendance abuse or other types of misconduct and regularly takes appropriate steps to avoid and address any such misconduct. The USPTO received valuable suggestions from sources inside and outside the agency and used the suggestions to strengthen policies and to increase time and attendance accountability. In the past, the agency invested significant time and effort into improving its already extensive workforce measures aimed at preventing time and attendance abuse and continuing its focus on accountability.

The agency has a policy on time and attendance tools, communication, and collaboration that provide employees with clear guidance on time and attendance policies and automated tools that enable transparency to both managers and employees.

All USPTO employees receive training on time and attendance requirements, as well as work schedules and leave policies, and will continue to receive similar training on an ongoing basis.

The USPTO has the authority to use any contract type it deems to be in the best interest of meeting the agency's mission. Although the USPTO is not statutorily required to provide a written justification when using high-risk contract types, as a matter of good business practice, the agency requires contracting officers to provide a rationale in the acquisition file documentation when selecting a high-risk contract type. High-risk contract types include noncompetitive contracts, single-offer contracts, cost-reimbursement contracts, time-and-material contracts, labor-hour contracts, incentive contracts, and indefinite-delivery contracts.

As part of the rationale, contracting officers must provide the reason it is in the USPTO's best interest to use the high-risk contract type, the planned risk mitigation for using a high-risk contract vehicle, and the steps they are taking to avoid the use of high-risk contract types in the future. The risk mitigation plan included in the contract includes various mechanisms for frequent contract surveillance.

The USPTO continuously monitors and updates internal control measures and processes to manage its purchase card and travel card programs. This monitoring includes certifying that the appropriate policies and controls are in place and that the agency has taken corrective actions to mitigate the risk of fraud and inappropriate charge-card practices. In addition, the USPTO has monthly procedures in place for monitoring, reporting on, and managing travel card delinquencies and potential card misuse.

As financial stewards of customer fees, the USPTO continues to place an even greater emphasis on addressing emerging risk trends with risk-based reviews and control assessments. The USPTO continued to implement analytics recommendations from the FY 2024 fraud risk assessment that evaluated programmatic, insider threat, and supply chain risk management efforts within the OCFO. As a best practice, the OCFO continues to mature these analytics for timely identification of potentially fraudulent activity. Additionally, the OIG provided a special briefing on fraud awareness for OCFO to train employees on fraud indicators and notification best practices.

The USPTO continues to build on a series of multiyear initiatives to protect the integrity of the Trademark Register, strengthen controls, and enhance operations.

In FY 2025, the USPTO established a RCWG, led by the ERM Officer, to further raise risk awareness and enhance communication with key stakeholders. The cross-business unit working group was engaged in risk identification workshops to further build a comprehensive risk register.

The USPTO conducted an enterprise risk assessment to identify new potential risks facing the

USPTO for FY 2025. Senior leaders scored all newly identified and existing risks on the likelihood of occurrence and degree of impact before prioritizing them. This output guided the update of the FY 2025 USPTO Risk Register, which tracked all identified risks, and the FY 2025 Risk Profile, which tracked the highest-priority risks, in the areas of:

- External threats
- Full access to fee collections
- Cybersecurity and safeguarding data
- Patent pendency

The USPTO will continue to emphasize addressing emerging risk trends with risk-based reviews and control assessments. Focus areas reviewed during FY 2025 included undelivered orders and invoice acceptance. While the agency revealed some suggested process improvements, it noted no deficiencies in internal control.

USPTO Director John A. Squires gave remarks at a welcome ceremony marking his first day at the agency. (Photo by Jeff Isaacs/USPTO)

Biennial review of user fees

The Chief Financial Officers Act of 1990 requires a biennial review of agency fees, rents, and other charges imposed for services and things of value (e.g., rights or privileges) it provides to specific beneficiaries as opposed to the general American public. The review's objectives are to identify such activities and begin charging fees, where permitted by law, and to periodically adjust existing fees to reflect current costs or market value. This process should minimize the amount general taxpayers subsidize these specialized services or things of value, which are provided directly to identifiable non-federal beneficiaries.

The USPTO is a fully fee-funded agency; the services it provides are not subsidized by general taxpayer revenue. The USPTO uses activity-based costing to calculate the costs of activities it performs for each fee and uses this information to evaluate and inform the setting of fees. When appropriate, the agency adjusts fees to be consistent with legislative requirements to recover the full costs of the goods or services it provides the public. Consistent with the provisions of the Chief Financial Officers Act, the USPTO assesses fees on at least a biennial basis.

Following a comprehensive review of user fees during FY 2021 and FY 2022, the USPTO initiated separate rulemakings to adjust patent and trademark fees. The final adjustments, reflecting multiple opportunities for public input, took effect on January 18, 2025, for trademark fees and January 19, 2025, for patent fees.

In keeping with the biennial review schedule, the USPTO commenced another biennial review of fees beginning in FY 2025 and expects to complete this review in FY 2026.

GLOSSARY OF ACRONYMS, URL INDEX, AND ACKNOWLEDGMENTS (UNAUDITED)

GLOSSARY OF ACRONYMS

AFR	Agency Financial Report
AI	artificial intelligence
AIA	America Invents Act
AIPA	American Inventors Protection Act
APJ	administrative patent judge
APPR	Annual Performance Plan and Annual Performance Report
ATJ	administrative trademark judge
cATO	continuous authority to operate
CDM	Continuous Diagnostics and Mitigation
CEAR®	Certificate of Excellence in Accountability Reporting
CES	consumer electronics show
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CISA	Cybersecurity and Infrastructure Security Agency
COTS	commercial off-the-shelf
CX	customer experience
DaaEA	Data as an Enterprise Asset
DATA Act	Digital Accountability and Transparency Act of 2014
DM&R	deferred maintenance and repairs
DOC	Department of Commerce
EO	executive order
ERM	Enterprise Risk Management
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FPDS	Federal Procurement Data System
FY	fiscal year
GAAP	generally accepted accounting principles
GAO	Government Accountability Office
GSA	General Services Administration
HISP	high-impact service provider
INVENTS	Inventory, New, Value, Employee, Next, Threat, Simplifying
IP	intellectual property
IT	information technology
ML	machine learning
MLTD	More Like This Document
NIST	National Institute of Standards and Technology
OBRA	Omnibus Budget Reconciliation Act
OCAO	Office of the Chief Administrative Officer
OCCO	Office of the Chief Communications Officer
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OECD	Organization for Economic Co-operation and Development
OEEO	Office of Equal Employment Opportunity

OHR	Office of Human Resources
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPIA	Office of Policy and International Affairs
OPM	Office of Personnel Management
OUS	Office of the Under Secretary
PAC	Public Advisory Committee
PE2E	Patents End-to-End
PIIA	Payment Integrity Information Act
PP&E	property, plant, and equipment
PPAC	Patent Public Advisory Committee
PSAI	Patent Search Artificial Intelligence
PTA	patent term adjustment
PTAB	Patent Trial and Appeal Board
PTRC	Patent and Trademark Resource Center
QSMO	Quality Services Management Office
RCWG	Risk Champions Working Group
RDLT	Riyadh Design Law Treaty
RMC	Risk Management Council
RPO	Register Protection Office
TAC	Trademark Assistance Center
TC	technology center
TEAS	Trademark Electronic Application System
TM	trademark
TMEP	Trademark Manual of Examining Procedure
TMOG	Trademark Official Gazette
TPAC	Trademark Public Advisory Committee
TRAM	Trademark Reporting and Monitoring
TSDR	Trademark Status and Document Retrieval
TTAB	Trademark Trial and Appeal Board
UAE	United Arab Emirates
UPR	utility, plant, and reissue
URL	uniform resource locator
USPTO	United States Patent and Trademark Office
USTR	United States Trade Representative
WIPO	World Intellectual Property Organization

URL INDEX

Introduction

www.uspto.gov

www.uspto.gov/PatentBasics

www.uspto.gov/TrademarkBasics

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www.uspto.gov/ip-policy/trade-secret-policy

http://www.uspto.gov/annualreport

Management's Discussion and Analysis

USPTO statutory mission and organization

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www.uspto.gov/patents/laws/american-inventors-protection-act-1999

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www.uspto.gov/trademarks/ttab

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www.uspto.gov/Dashboards

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www.uspto.gov/about-us/news-updates/uspto-assess-statutory-penalties-false-assertions-or-certifications-small-and

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www.uspto.gov/Ai

www.uspto.gov/patents/ptab/trials/inter-partes-review

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www.uspto.gov/patents/ptab/interim-director-discretionary-process

www.uspto.gov/patents/patent-trial-and-appeal-board/appeals/what-are-ex-parte-appeals

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www.uspto.gov/trademarks/guides-and-manuals/tmep-archives

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Providing leadership in IP policy, protection, and enforcement

www.uspto.gov/about-us/events/uspto-hour

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Note: *Presented URLs are active as of the time of publication.*

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Valencia Martin-Wallace, Acting Commissioner for Patents, and others celebrate a milestone in the reduction of the patent inventory in FY 2025. (Photo by Jay Premack/USPTO)

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