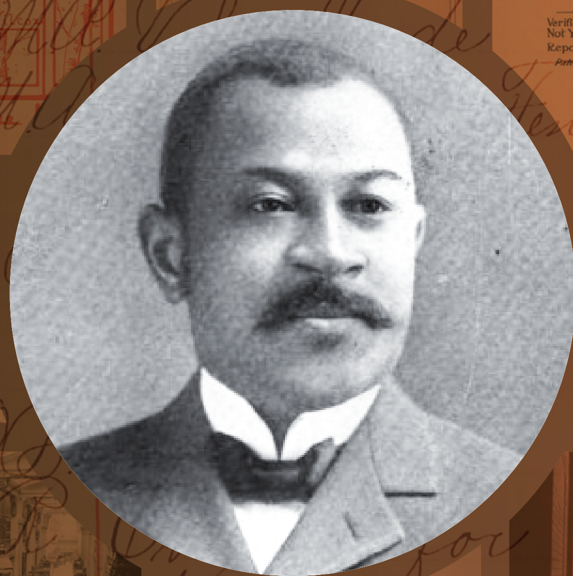
FY 2024



H. E. Baker

AGENCY FINANCIAL REPORT

uspto UNITED STATES PATENT AND TRADEMARK OFFICE ®

FINANCIAL AND RELATED HIGHLIGHTS

(Dollars in Thousands)	% Change 2024 Over 2023	For the Year Ended September 30, 2024	For the Year Ended September 30, 2023
Fund Balance with Treasury	(3.3%)	$ 3,187,925	$ 3,297,419
Property, Plant, and Equipment, Net	(6.6%)	337,318	361,196
Other Assets	10.6%	49,396	44,652
Total Assets	(3.5%)	$ 3,574,639	$ 3,703,267
Advances from Others and Deferred Revenue	0.6%	$ 1,499,416	$ 1,490,122
Accounts Payable	5.4%	102,963	97,665
Federal Employee Benefits Payable	(9.0%)	363,230	399,159
Other Liabilities	17.9%	168,035	142,500
Total Liabilities	0.2%	$ 2,133,644	$ 2,129,446
Net Position	(8.4%)	1,440,995	1,573,821
Total Liabilities and Net Position	(3.5%)	$ 3,574,639	$ 3,703,267
Total Earned Revenue	4.4%	$ 4,119,659	$ 3,944,727
Total Program Cost	9.4%	(4,418,603)	(4,038,712)
Net Cost of Operations	218.1%	$ (298,944)	$ (93,985)
Budgetary Resources Available for Spending	4.4%	$ 5,338,480	5,113,606
Total (Outlays)/Collections, Net	(178.4%)	$ (109,061)	$ 139,100
Federal Personnel	4.7%	14,082	13,452
On-Time Payments to Vendors	-%	99%	99%

KEY PERFORMANCE INDICATORS

<table>
<tr><th>Reference to USPTO Strategic Plan</th><th colspan="2">Performance Measures</th><th>FY 2024 Target</th><th>FY 2024 Actual</th><th>Performance Results</th></tr>
<tr><td rowspan="6">Patents Goal 2, Obj. 2.3

Patents Goal 2, Obj. 2.1</td><td colspan="2">Total Patent Term Adjustment (PTA) Compliance - Mailed Actions</td><td>80%</td><td>79%</td><td>Not Met</td></tr>
<tr><td colspan="2">Total PTA Compliance - Remaining Inventory</td><td>81%</td><td>80%</td><td>Not Met</td></tr>
<tr><td colspan="2">Patent statutory compliance metrics (percentage), statute 35 U.S. Code (U.S.C.) 101 (including utility and eligibility)</td><td>94%</td><td>97.8%</td><td>Met</td></tr>
<tr><td colspan="2">Patent statutory compliance metrics (percentage), statute 35 U.S.C. 102 (prior art compliance)</td><td>94%</td><td>96%</td><td>Met</td></tr>
<tr><td colspan="2">Patent statutory compliance metrics (percentage), statute 35 U.S.C. 103 (prior art compliance)</td><td>92%</td><td>93.2%</td><td>Met</td></tr>
<tr><td colspan="2">Patent statutory compliance metrics (percentage), statute 35 U.S.C. 112 (35 U.S.C. 112(a), (b), including (a)/(b) rejections related to 35 U.S.C. 112(f))</td><td>94%</td><td>95%</td><td>Met</td></tr>
<tr><td rowspan="4">Trademarks Goal 2, Obj. 2.2</td><td colspan="2">Trademark Average First Action Pendency (months)</td><td>8.4</td><td>7.5</td><td>Met</td></tr>
<tr><td colspan="2">Trademark Average Total Pendency (months)</td><td>14.4</td><td>14.1</td><td>Met</td></tr>
<tr><td colspan="2">Trademark First Action Compliance Rate</td><td>95.5%</td><td>96.2%</td><td>Met</td></tr>
<tr><td colspan="2">Trademark Final Compliance Rate</td><td>97%</td><td>98.8%</td><td>Met</td></tr>
<tr><td>International Goal 4, Obj. 4.3</td><td colspan="2">Percentage of prioritized countries (noted for fiscal year (FY) 2024 is Brazil, China, and India) for which intellectual property (IP) country teams have made progress on at least 3 of the 4 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</td><td>66%</td><td>100%</td><td>Met</td></tr>
<tr><td rowspan="5">Customer Experience (CX) Goal 5, Obj. 5.2</td><td rowspan="2">Percentage of customers who indicate positive satisfaction with designated priority services</td><td>Patents: Seeking assistance when filing a patent application form</td><td>70%</td><td>76%</td><td>Met</td></tr>
<tr><td>Trademarks: Filing an initial application form for a trademark registration</td><td>70%</td><td>77%</td><td>Met</td></tr>
<tr><td rowspan="2">Percentage of customers who indicate the employees they interacted with were helpful</td><td>Patents</td><td>75%</td><td>83%</td><td>Met</td></tr>
<tr><td>Trademarks</td><td>75%</td><td>80%</td><td>Met</td></tr>
<tr><td colspan="2">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</td><td>65%</td><td>74%</td><td>Met</td></tr>
</table>

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About the Cover

Patent examiner, lawyer, and civil rights activist Henry E. Baker (1857–1928) compiled the first known list of Black patent holders in United States history. Throughout his career at the Patent Office, Baker wrote to thousands of patent examiners, attorneys, businesspeople, and community leaders to locate patent holders and record their innovations. His list is both an immense repository of contributions by Black inventors to the technological progress of humanity and a powerful tool used by a growing civil rights movement in the quest for racial equality. The USPTO's Public Search Facility will soon be renamed after Henry Baker.

MESSAGE

MESSAGE

Message from Kathi Vidal, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office

Fiscal Year (FY) 2024 was transformational for the USPTO.

We implemented plans and laid the groundwork for new initiatives aimed at strengthening intellectual property (IP) rights. We developed actionable strategies to improve patent and trademark pendency. We established a new public engagement business unit and announced locations for two new offices. We continued retiring legacy computing systems and modernizing our information technology (IT) infrastructure. We proposed and adopted new rules and guidance to help our examiners and stakeholders navigate recent court decisions and ever-evolving technologies. We claimed several successes in the field of artificial intelligence (AI), including mission-focused and operational accomplishments. We issued patent number 12 million, and we established new patent and trademark fee rates that are scheduled to take effect during FY 2025 to fully fund the agency's operations. We did all of this, and so much more, within our financial plans and while sustaining a solid base of operating reserves to safeguard the future.

In both our Patents and Trademarks business units, FY 2024 was a strong year for new applications. We received 466,079 serialized utility patent applications, an increase of 3,855 from FY 2023 at a growth rate of 0.8%. Serialized design applications totaled 58,953, an increase of 7,511 year over year, and trademark applications rose from 737,018 to 767,138, an increase of 4.1%. These figures demonstrate the innovative spirit that drives the American economy and reflect the enduring importance of the U.S. system of IP protection.

Kathi Vidal, Under Secretary of Commerce for Intellectual Property and Director of the USPTO

We are confident that the financial and performance data contained in this report are complete, reliable, and accurate. For 32 consecutive years, the USPTO has received an unmodified (clean) opinion from an independent auditor on our financial statements. This year, the independent auditor reported no material weaknesses or significant deficiencies, or instances of noncompliance with laws or regulations.

Improving patent and trademark pendency was a top USPTO priority in FY 2024. Working closely with our labor unions, the agency developed robust action plans that included new examiner incentives to accelerate pendency improvements.

We exceeded our hiring goal for patent examiners, increased time allocations and incentives for trademark examination, and improved our training programs, workflows, and physical workplaces. We instituted a long-overdue update to our patent examiner special rate table, which increased pay rates that will enable us to more effectively recruit and retain experts in the competitive science, technology, engineering, and mathematics fields, among others. We are already seeing results from these efforts: we grew the patent corps to over 8,500, an increase of 923 patent examiners, and unexamined trademark applications have decreased by 90,087, a 17.1% reduction.

The **2022-2026 USPTO Strategic Plan** continued to guide us over the course of the year. To better accomplish our strategic goals, we established the Office of Public Engagement (OPE) in March 2024. This business unit oversees our outreach and engagement efforts with American communities and the wider innovation ecosystem, including the expansion of our national footprint. In December 2024, we announced the locations of two new offices: the Southeast Regional Office in Atlanta, Georgia, and a Community Outreach Office in Strafford County, New Hampshire. We look forward to connecting with inventors and entrepreneurs in these areas in the near future.

We also broadened participation in the U.S. innovation ecosystem with the establishment of additional Patent and Trademark Resource Centers (PTRCs) in academic and local libraries across the country. Among others, three additional libraries at Historically Black Colleges and Universities (HBCUs) were designated as PTRCs during FY 2024, along with South Dakota's first-ever PTRC at Northern State University. We expanded our military outreach program, continued an IP-focused technology transfer initiative aimed at other federal agencies that conduct research and development, and expanded our efforts to involve more women in the innovation economy through the Women's Entrepreneurship initiative. We released a new **National Strategy for Inclusive Innovation**, which provides pathways to success for inventors from all backgrounds. And, our efforts were instrumental in shaping **Competitiveness Through Entrepreneurship: A Strategy for U.S. Innovation**, a report released by the Economic Development Administration's National Advisory Council on Innovation and Entrepreneurship in February 2024.

Within the global IP community, we worked to ensure equitable use of standard essential patents (SEPs), including execution of a memorandum of understanding with the United Kingdom in June 2024, designed to improve transparency in the fair, reasonable, and nondiscriminatory licensing of SEPs. We met with senior government officials in China and India to discuss the importance of transparency in the formulation of rules and court decisions related to IP. We also developed measures to protect IP against new and persistent threats, including programs aimed at protecting the Trademark Register from scams and fraudulent activities.

Several FY 2024 rulemakings will help us fulfill our strategic goal of promoting the efficient delivery of reliable IP rights. We published two Notices of Proposed Rulemaking during April 2024: **Rules Governing Director Review of Patent Trial and Appeal Board Decisions** and **Patent Trial and Appeal Board Rules of Practice for Briefing Discretionary Denial Issues, and Rules for 325(d) Considerations, Instituting Parallel and Serial Petitions, and Termination Due to Settlement**

Agency Town Hall in the Clara Barton Auditorium. (Photo by Jay Premack/USPTO)

Agreement; and issued two final rules: **Rules Governing Pre-Issuance Internal Circulation and Review of Decisions Within the Patent Trial and Appeal Board**, in June 2024, to enhance transparency; and **Rules Governing Motion To Amend Practice and Procedures in Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board**, in September 2024, to promote the issuance of robust and reliable patents. We also issued a memo, **The Applicability of Existing Regulations as to Party and Practitioner Misconduct Related to the Use of Artificial Intelligence**, in February 2024, to clarify the application of existing rules and policies for practitioners using AI in the drafting of submissions to the Patent and Trademark Trial and Appeal Boards.

We amplified our strategic goal of generating impactful employee and customer experiences by maximizing agency operations. We launched the Patent Center, successfully transitioned our patent operations to DOCX to promote efficiency in filing and examination, and retired the 40-year-old legacy Trademark Reporting and Monitoring (TRAM) system. We entered into a new partnership with the Department of the Treasury's Financial Management Quality Services Management Office to receive financial management systems and services in a software as a service delivery model. We also prioritized quick and transparent responses to data security incidents, including the immediate remediation of critical technical errors and enactment of long-term prevention strategies to actively secure our data.

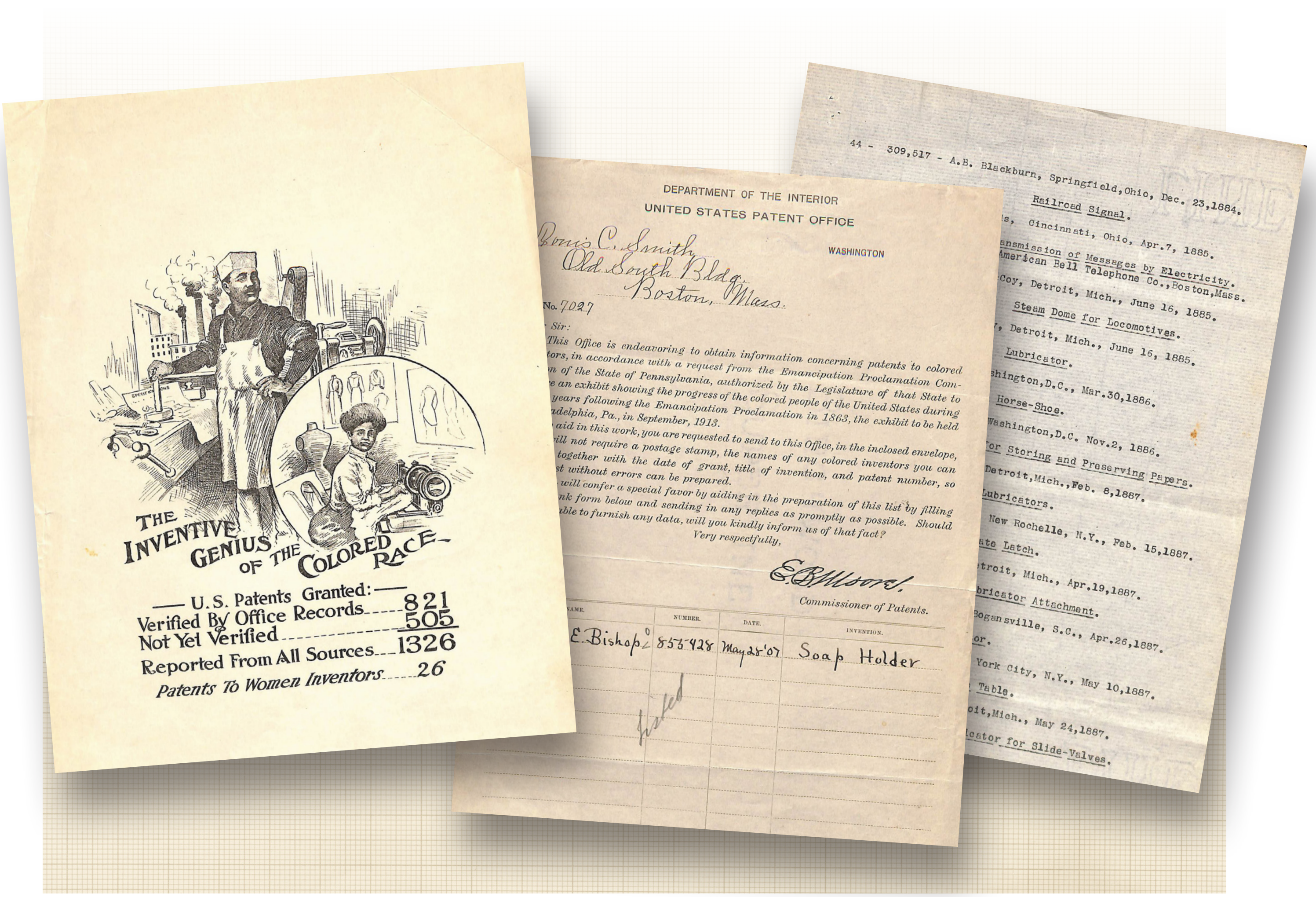
Finally, the exponential growth of AI—and its intersection with IP rights—remained top of mind in FY 2024. We worked with the National Institute of Standards and Technology (NIST) on a roadmap for implementing the **U.S. Government National Standards Strategy for Critical and Emerging Technologies**. We issued **Inventorship Guidance for AI-Assisted Inventions** and **Guidance on Use of AI-Based Tools in Practice Before the USPTO** in February and April 2024, respectively, and clarified **patent eligibility guidelines for AI inventions** in July 2024. These accomplishments were the result of collaboration with AI and IP experts through our AI and Emerging Technology Partnership initiative, which we founded in 2022. We also remain closely aligned with our unions on workforce issues related to AI and emerging technologies via our Labor Management Forum.

In all, FY 2024 was an eventful and successful year for the USPTO, and we laid a strong foundation for many years of continuous organizational improvement. Our global innovation community is fortunate to have these passionate and proficient professionals in its corner. I am humbled and grateful to work alongside them each and every day for you, our stakeholders.

Kathi Vidal

Kathi Vidal
Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office

November 8, 2024



INTRODUCTION

Who We Are

The USPTO is the federal agency responsible for granting U.S. patents and registering trademarks. In doing so, the USPTO fulfills the mandate of article I, section 8, clause 8 of the U.S. Constitution, which grants the legislative branch the power 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." The USPTO registers trademarks based on the Commerce Clause of the U.S. Constitution (article I, section 8, clause 3). American industry has flourished under this system of protection, with inventors designing new products and discovering new uses for old ones. These two types of achievement have created employment opportunities for millions of Americans, and the strength and vitality of the U.S. economy depend directly on effective mechanisms that protect new ideas and investments in innovation and creativity. The continued demand for patents and trademarks underscores the ingenuity of America's inventors and entrepreneurs and positions the USPTO at the cutting edge of the nation's technological progress and success.

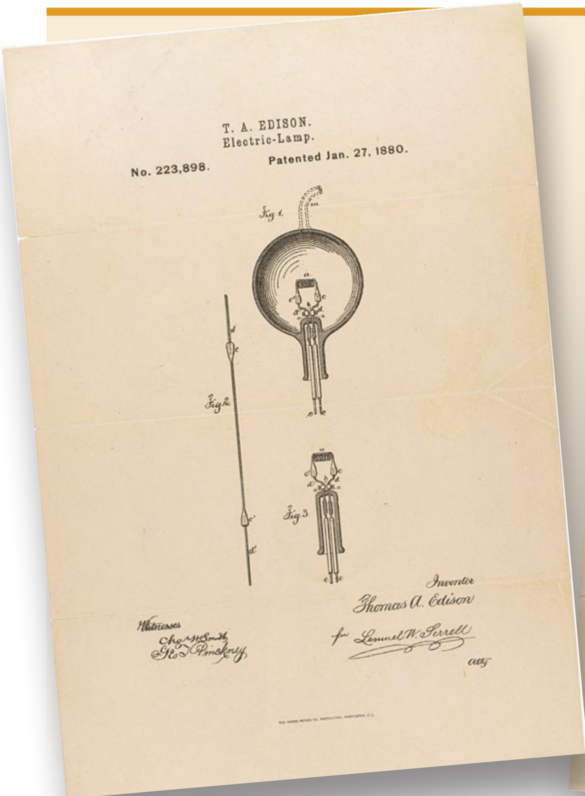
The USPTO advises the President of the United States, the Secretary of Commerce, and U.S. government agencies on IP[1] policy, protection, and enforcement. In addition, the USPTO promotes stronger and more effective IP protections around the world, including by providing training, education, and capacity-building programs designed to foster respect for IP and encourage U.S. trading partners to develop strong IP enforcement regimes.

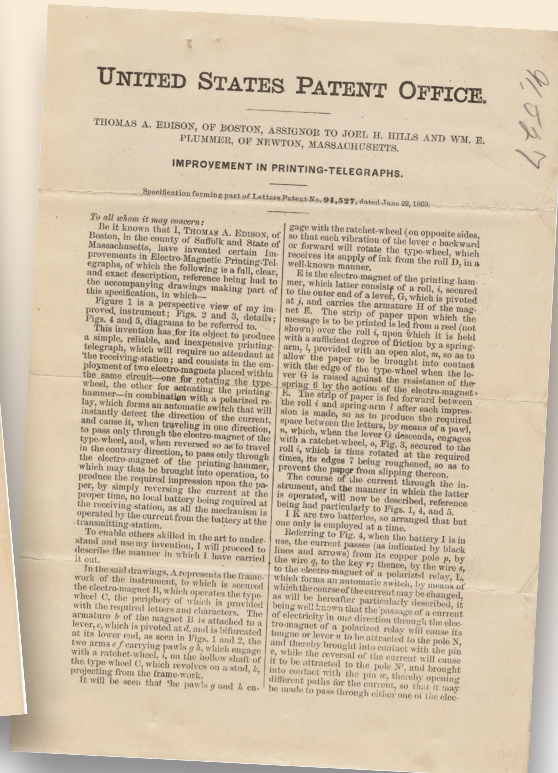
There are four basic types of IP rights in the United States: patents, trademarks, copyrights, and trade secrets. The graphic below provides a brief description of each type. The USPTO is responsible for patents and trademarks. Its IP policy work, however, encompasses all IP, including copyrights and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

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	**TERM** 70 years after author's death	**TERM** Continuous

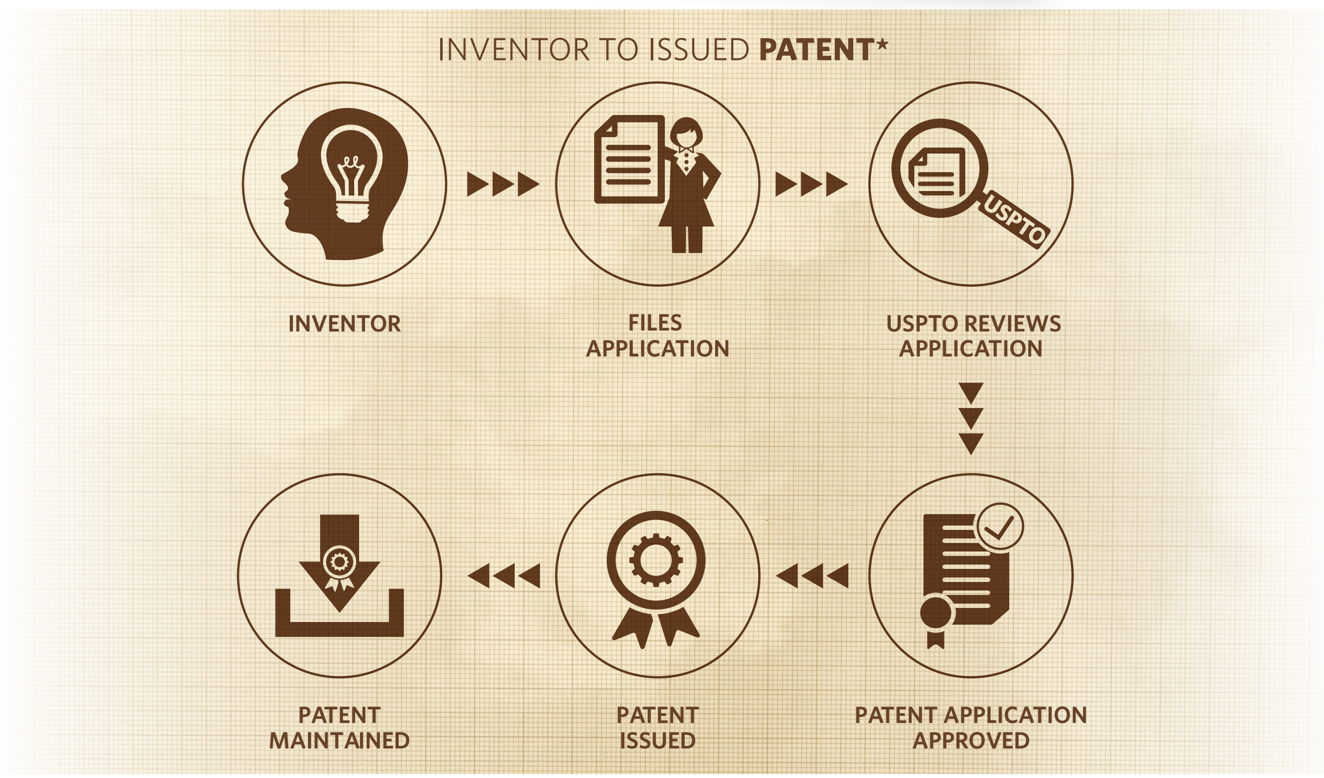
** From date of issue depending on filing date* ***From the earliest claimed date for benefit*

[1] IP, as used here, refers to patents, trademarks, copyrights, or trade secrets.

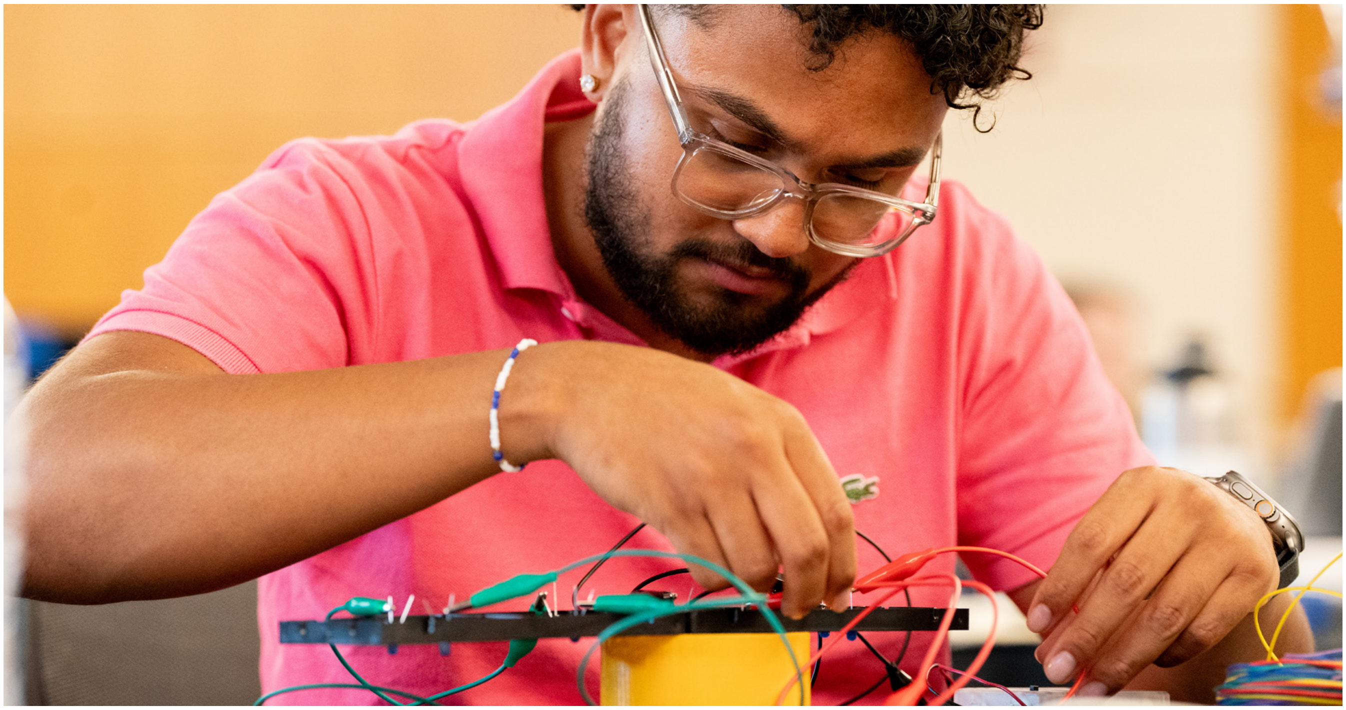




A patent for an invention represents the USPTO's granting of a right to an inventor.



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



The USPTO hosted the FY 2024 annual National Summer Teacher Institute (NSTI) in the Clara Barton Auditorium. (Photo by Jay Premack/USPTO)

A patent for an invention represents the USPTO's granting of a right to an inventor. Generally, the term of a new patent is 20 years from the date on which the inventor filed the patent application in the United States or, in special cases,[2] from an earlier, related application date, subject to the payment of maintenance fees. Under certain circumstances, patent term extensions (PTEs)—which extend the life of a U.S. patent to compensate for delays during regulatory approval—or patent term adjustments (PTAs)—which extend the life of a U.S. patent to compensate for delays caused by the USPTO during prosecution of a patent application—may be available, and U.S. patent grants are effective only within the United States, U.S. territories, and U.S. possessions. The right conferred by the patent

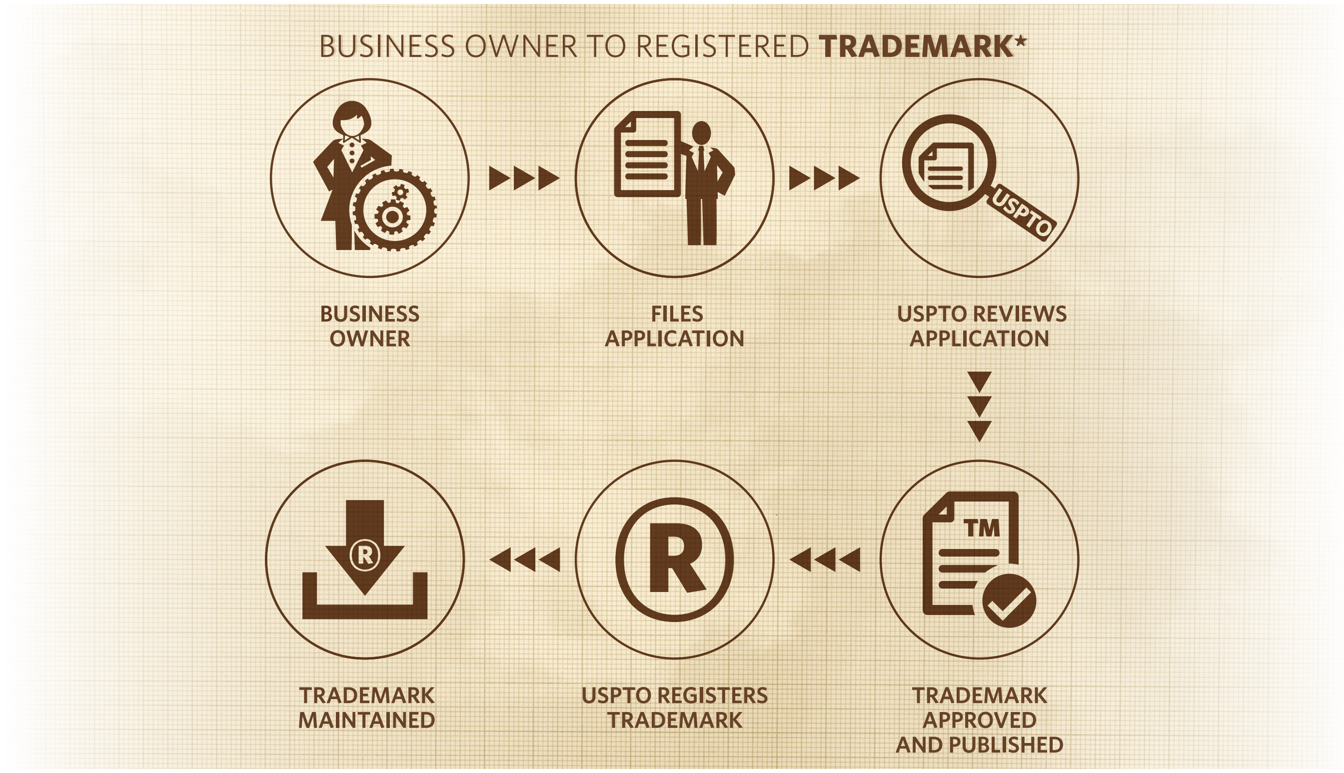
[2] "Special cases" means any cases that have a benefit claim under 120, 121, 365(c), or 386(c) considering the very high level of filing of continuing applications. See 35 USC 154(a)(2).

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.



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

grant 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, 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 assistance from the USPTO. 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. 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 partic-

> *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.*

ular 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 product. 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**.

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 1976 Copyright Act generally gives the owner of a copyright the exclusive right to reproduce

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 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 writing. 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**.

Collegiate Inventors Competition (CIC) finalists meet with patent examiners at the CIC Meet the Experts event held at USPTO headquarters. (Photo by Jeff Isaacs/USPTO)

USPTO Director Kathi Vidal and Rowel S. Barba, Director General of the Intellectual Property Office of the Philippines, sign an agreement adding the Philippines IP Office to the Patent Cooperation Treaty, which allows U.S. applicants to file a single international patent application in multiple countries. (Photo by Jay Premack/USPTO)

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 amount of time a trade secret is protected. More information may be found on the **USPTO's Trade secrets / regulatory data protection webpage**.

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.

About This Report

The USPTO's Agency Financial Report (AFR) provides the agency's financial and summary performance information for FY 2024. This report demonstrates to Congress, the Administration, and the public the USPTO's efforts to promote transparency of and accountability for the resources entrusted to the agency. Available on the USPTO's **website**, 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 (AIA) of 2011
- 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 and Director, USPTO; Patents; Trademarks; Office of Public Engagement (OPE); Office of Policy and International Affairs (OPIA); Patent Trial and Appeal Board (PTAB); Trademark Trial and Appeal Board (TTAB); Office of the Chief Information Officer (OCIO); Office of the Chief Administrative Officer; Office of Equal Employment Opportunity and Diversity (OEEOD); Office of the Chief Communications Officer; Office of the General Counsel; Office of the Ombudsman; and Office of the Chief Financial Officer (OCFO).

Certificate of Excellence in Accountability Reporting

The Chief Financial Officers Council and the U.S. Office of Management and Budget (OMB) collaboratively established the Certificate of Excellence in Accountability Reporting (CEAR®) program to improve accountability by streamlining reporting and improving the effectiveness of federal agencies' reports to clearly show both accomplishments and remaining challenges. During FY 2024, the AGA awarded the USPTO its 22nd consecutive CEAR® for the agency's FY 2023 AFR. In addition to being recognized as a CEAR® recipient, the USPTO received a Best-in-Class Award in recognition of the AFR's **integrated financial and performance reporting.** The AGA highlighted the agency's inclusion of figures, tables, and charts in the Management's Discussion and Analysis and Financial Section, which openly explained the USPTO's financial resources and their direct connection to service delivery and performance.

AGA

Certificate of Excellence in Accountability Reporting®

BEST-IN-CLASS AWARD

presented to the

U.S. Patent and Trademark Office

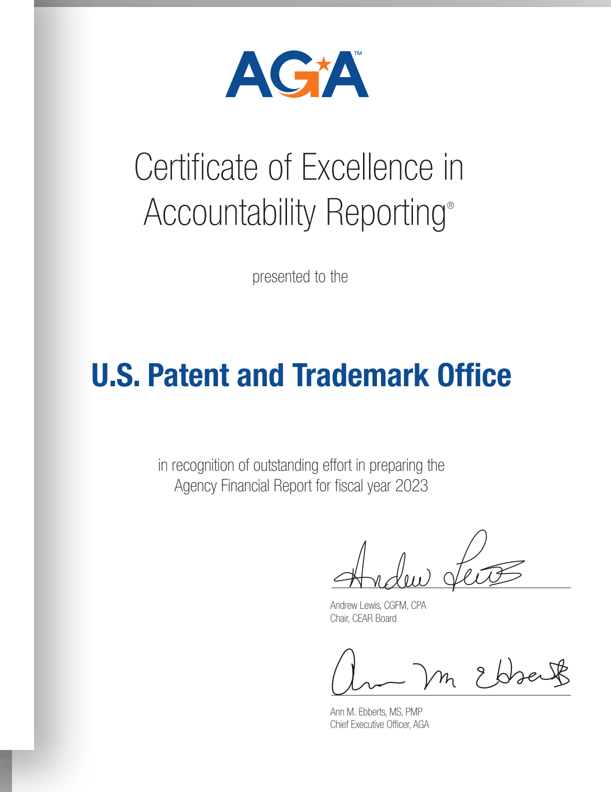
in recognition of

integrated financial and performance reporting

in the Agency Financial Report for fiscal year 2023

Andrew Lewis, CGFM, CPA
Chair, CEAR Board

Ann M. Ebberts, MS, PMP
Chief Executive Officer, AGA



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in recognition of outstanding effort in preparing the Agency Financial Report for fiscal year 2023

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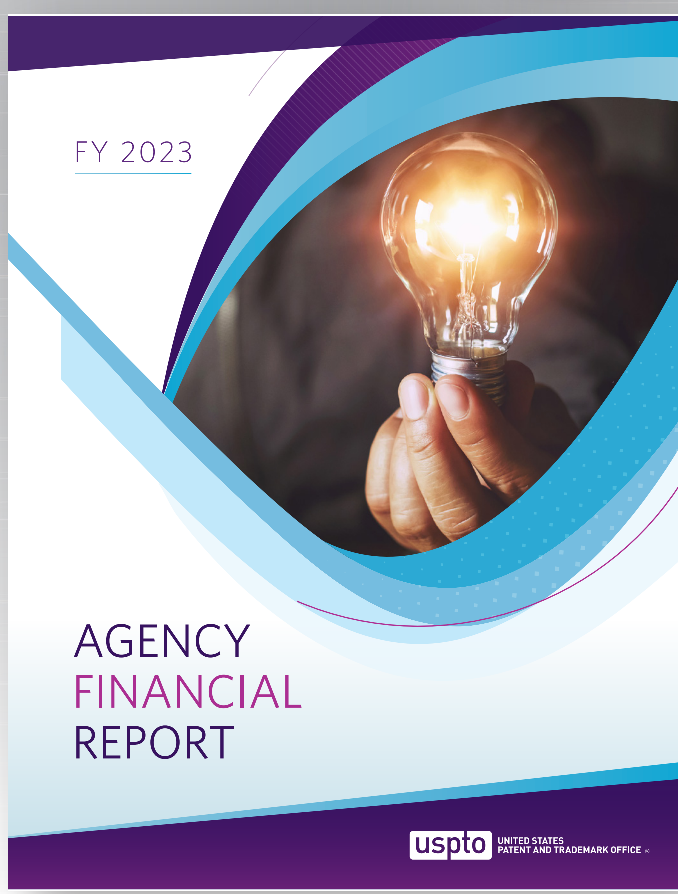


The USPTO's 2023 AFR cover and the AGA's CEAR® awards

Your Guide to Using This Report

This report is organized into three major sections, plus other information, an appendix of major terms, a glossary, and a uniform resource locator (URL) index.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section provides an overview of the USPTO's organization, mission, and strategic framework. This report also provides information on the agency's FY 2024 programs and its financial and summary-level performance, along with management's assessment of the USPTO's challenges and its assurances on the USPTO's internal controls.

FINANCIAL SECTION

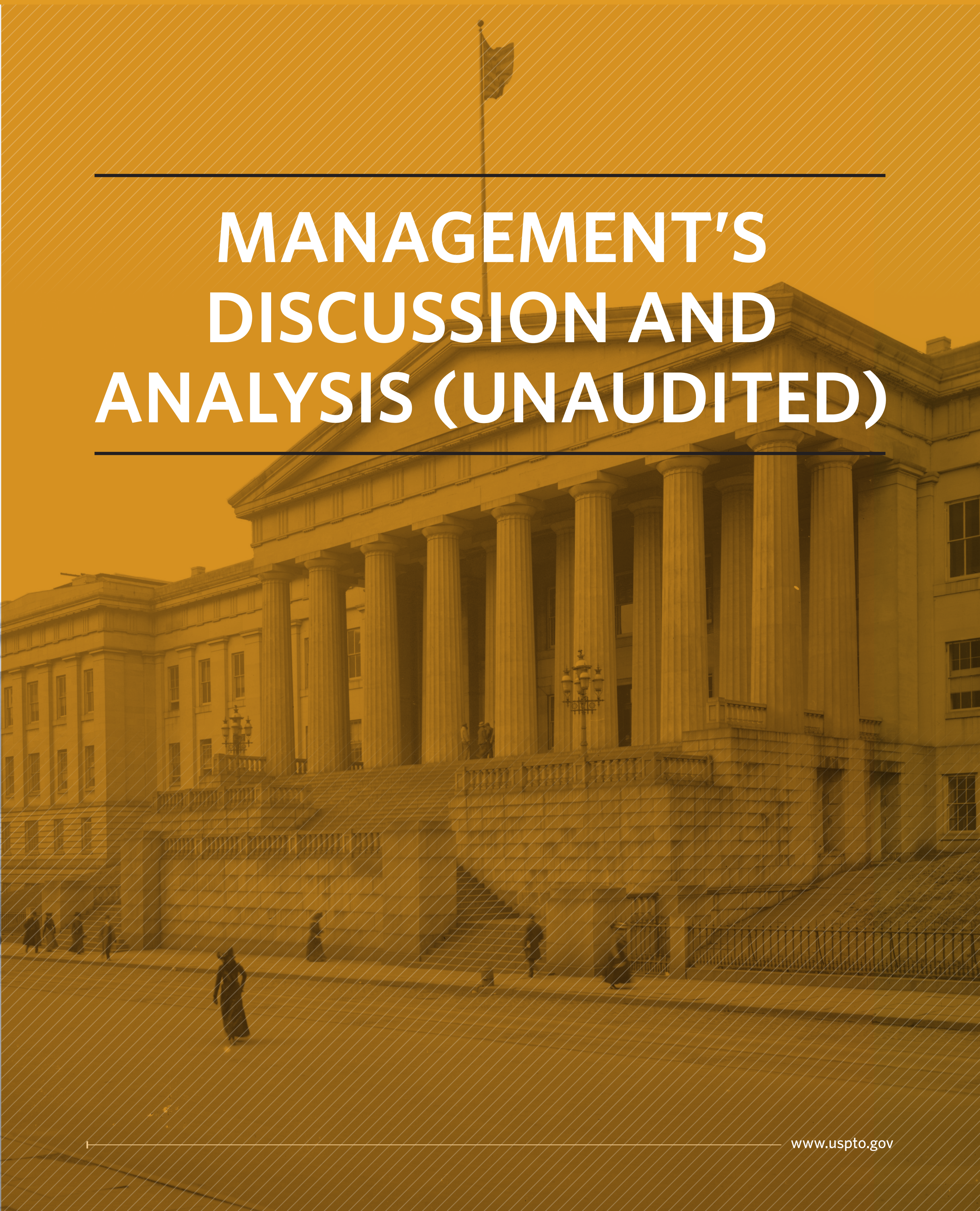
A message from the USPTO's Chief Financial Officer opens this section, followed by the agency's audited financial statements, footnotes, and required supplementary information, as well as the independent auditors' report.

OTHER INFORMATION (UNAUDITED)

This section provides a summary table of financial statement audit and management assurances; the USPTO's top management challenges, as identified by the Department of Commerce (DOC) Office of Inspector General (OIG); information on the agency's efforts to eliminate improper payments; and a discussion of matters related to the biennial review of user fees. The FY 2024 Workload Tables are available on the **USPTO annual reports webpage**.

Teachers complete a hands-on activity to help identify strategies to integrate invention into their classrooms at the FY 2024 NSTI. (Photo by Jay Premack/USPTO)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

USPTO Mission and Organization

The USPTO is a government agency with an unwavering commitment to fostering innovation, competitiveness, and job growth in the United States by enabling individuals and entities to generate tangible economic benefits via creating, inventing, and branding.

In today's challenging and competitive global economy, the USPTO's role in protecting IP remains critical to American competitiveness and economic success internationally. The growing demand for the USPTO's patent and trademark products and services illustrates the immense value of IP protection in the United States. 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 2022–2026 Strategic Plan**, finalized during FY 2023 with input from members of the public, agency employees, and other stakeholders, defines the USPTO's mission to drive U.S. innovation, inclusive capitalism, and global competitiveness. The agency accomplishes its mission via its vision of accelerating the creativity that drives U.S. innovation in all its forms and bolstering adoption of that innovation in key and emerging technologies while bringing more Americans into the innovation ecosystem. The USPTO's ultimate ambition is to drive innovation, entrepreneurship, and creativity for the benefit of all Americans and people around the world. Guided by this mission and vision, the plan offers five unique agency goals aligned with the DOC's strategic goals and objectives of promoting accessible, strong, and effective IP rights to advance innovation, creativity, and entrepreneurship.

GOAL 1: Drive inclusive U.S. innovation and global competitiveness

GOAL 2: Promote the efficient delivery of reliable IP rights

GOAL 3: Promote the protection of IP against new and persistent threats

GOAL 4: Bring innovation to impact for the public good

GOAL 5: Generate impactful employee and customer experiences by maximizing agency operations

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 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; equal employment opportunity; and communications.

On March 10, 2024, the USPTO established the **OPE**, a new business unit responsible for advancing the agency's mission of increasing participation in the innovation ecosystem and educating the public on the purpose and value of IP protection, along with available resources to bring innovation to impact.

Two **Public Advisory Committees** provide certain IP-related guidance to the Under Secretary and Director of the USPTO: the Patent Public Advisory Committee (PPAC) and the Trademark Public Advisory Committee (TPAC). The Public Advisory Committees were created by statute in the **American Inventors Protection Act of 1999** (AIPA) to advise on the management of Patents and Trademarks 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 Director on these matters accordingly.

The USPTO currently operates a headquarters and Northeast Regional Outreach Office in Alexandria, Virginia, and four additional regional offices across the nation (figure 2):

- Southwest Regional Outreach Office in Dallas, Texas
- Rocky Mountain Regional Outreach Office in Denver, Colorado
- Elijah J. McCoy Midwest Regional Outreach Office in Detroit, Michigan
- Western Regional Outreach Office in San Jose, California

During FY 2024, the USPTO made **significant progress** toward opening a Southeast Regional Outreach Office (Southeast Office) in Atlanta, Georgia, and a community outreach office in Straf-

FIGURE 1: UNITED STATES PATENT AND TRADEMARK OFFICE

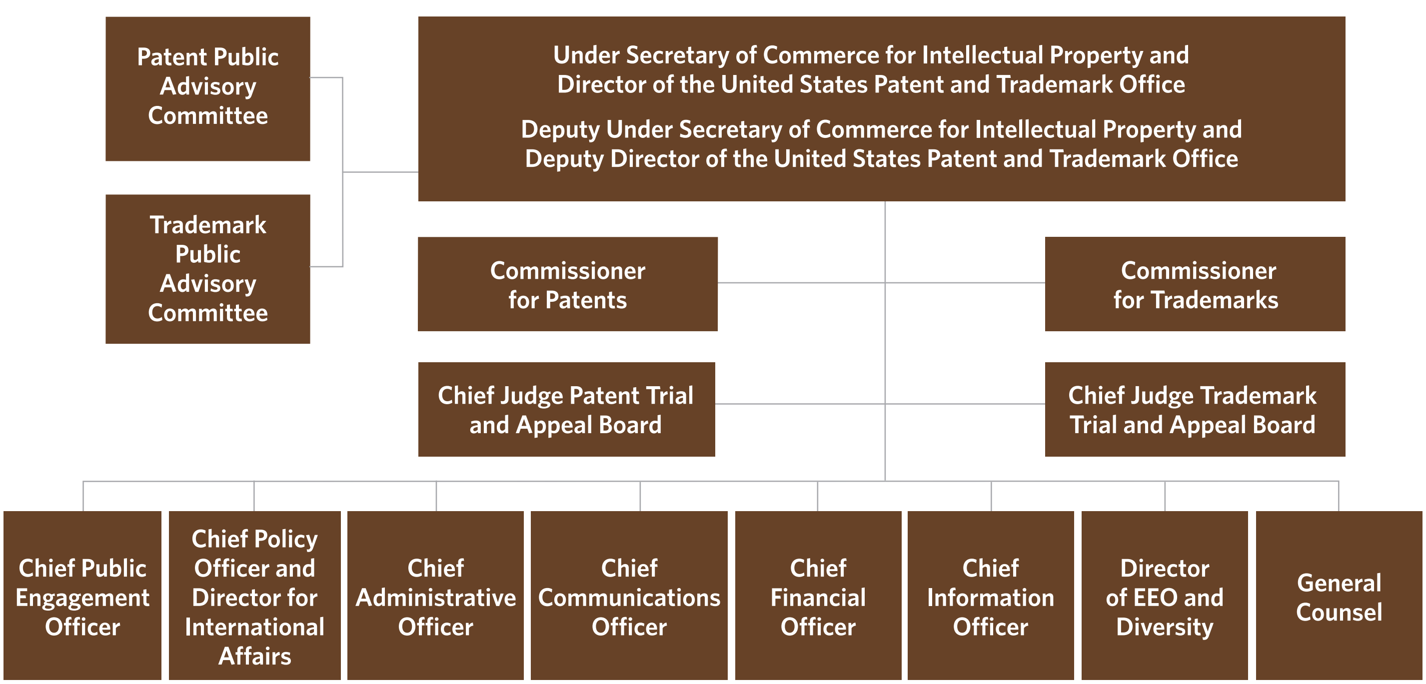
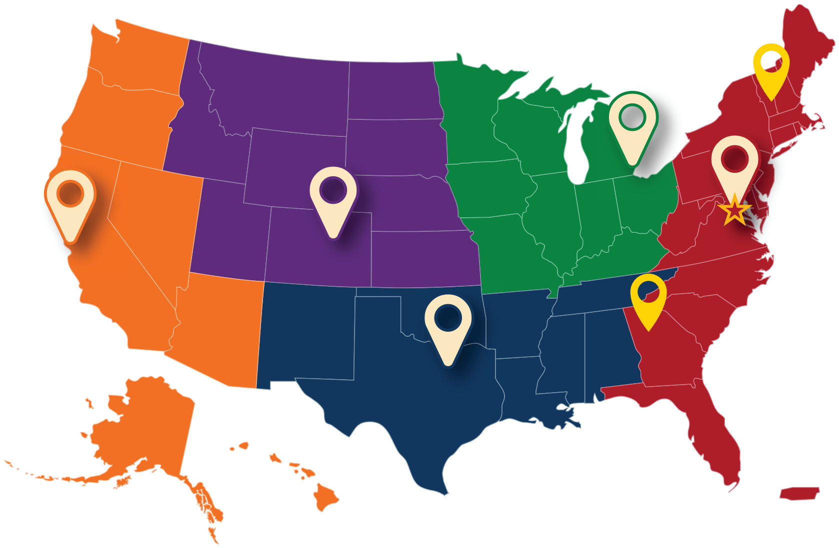


FIGURE 2: MAP OF THE USPTO HEADQUARTERS AND OUTREACH OFFICES



- [Alexandria, VA (USPTO headquarters, including Northeast Regional Outreach Office)]
- [Atlanta, Georgia (Southeast Regional Outreach Office)] *(coming soon)*
- [Dallas, Texas]
- [Denver, Colorado]
- [Detroit, Michigan]
- [San Jose, California]
- [Strafford County, New Hampshire Community Outreach Office] *(coming soon)*

www.uspto.gov/locations

East Coast region | Midwest region | Texas region | Rocky Mountain region | Silicon Valley region

USPTO headquarters | USPTO office location | Coming soon

ford County, New Hampshire. These offices will help the agency fulfill provisions of the Unleashing American Inventors Act of 2022 (UAIA).

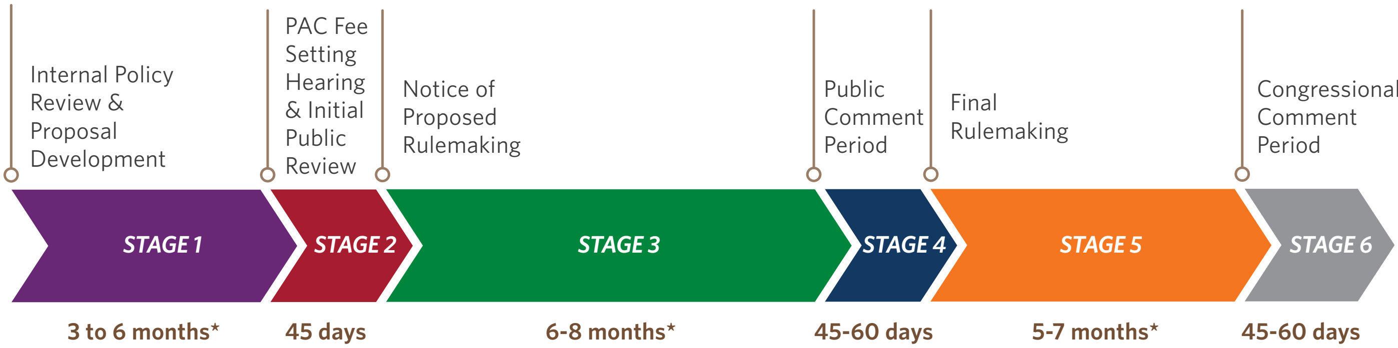
USPTO FINANCIAL FRAMEWORK

The USPTO's financial model is distinctive among government agencies. The Omnibus Budget Reconciliation Act of 1990 mandated that the agency fund its operations entirely through user fees, 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 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 in addition to full fee setting authority. Both provisions are essential to the USPTO's sustainable funding model, and the SUCCESS Act (Pub. L. 115-273) amended the AIA to extend the agency's fee setting authority through 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 adverse risk. The fee setting process begins with biennial reviews (see page 128) 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 conducts significant research on and analysis of proposed revisions to certain fees. These results inform the decision to initiate the fee setting process, and since enactment of the AIA, the agency has adjusted patent and trademark fees three times. 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 to complete, as defined in the AIA and represented as six stages in figure 3.

During **STAGE 1** of fee setting, agency experts research, analyze, and develop recommendations for potential revisions and additions to the schedules

FIGURE 3: THE AIA PROCESS TAKES APPROXIMATELY TWO YEARS



**The actual time required varies based on a number of factors, including the complexity of the fee change proposals, variety of public feedback, and external clearances.*

based on biennial review results and an analysis of the USPTO's operating environment, Administration priorities, strategic goals, performance results, and stakeholder feedback. In **STAGE 2**, the agency engages with the applicable Public Advisory Committee (i.e., 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, to draft 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 operating 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 patent organization resource, planning, and budget administration.

Patents' primary function is examination, where patent examiners (highly skilled professionals with backgrounds in science, engineering, and graphic design/art) review patent applications to determine whether the claimed invention is eligible for patent protection (useful, 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 before publicly done, described, used, sold, or available) and nonobvious (something unpredictable or not readily apparent to someone of ordinary skill 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 policy for examination, patent-focused educational and stakeholder outreach, and, in collaboration with the OPIA, initiatives that support international cooperation.

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

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, international trademark cooperation, and trademark organization resource, planning, and budget administration.

Trademarks' primary function is to register marks (i.e., trademarks, service marks, certification marks, collective marks, and collective membership marks) that meet the 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; 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 engages in examination policy development and trademark-focused education and stakeholder outreach.

The TTAB, a neutral body that functions like a court for trademark matters at the USPTO, also administers the trademark program. The TTAB handles appeals involving applications to register marks, appeals from expungement or reexamination proceedings involving registrations, and trial cases of various types 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 promoting inclusive innovation, bringing innovation to positive impact for the public good, and delivering impactful employee and customer experiences (CX) while maximizing agency operations. Other cross-cutting functions include mission-critical activities executed for IP protection and policy. The USPTO also 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. Major objectives of the agency's cross-cutting functions include:

- Foster an innovation mindset in all Americans
- Improve domestic and global IP enforcement and reduce domestic and global IP crime and infringement
- Equitably deliver exceptional CX
- Develop modern IT infrastructure and applications
- Expand opportunity, discovery, and accountability through greater data maturity
- Resource mission success

This report's **Performance Goals** section discusses these objectives in detail.

USPTO STAFFING

At the end of FY 2024, the USPTO workforce (figure 4) comprised **14,082** federal employees, including:

8,944 patent examiners

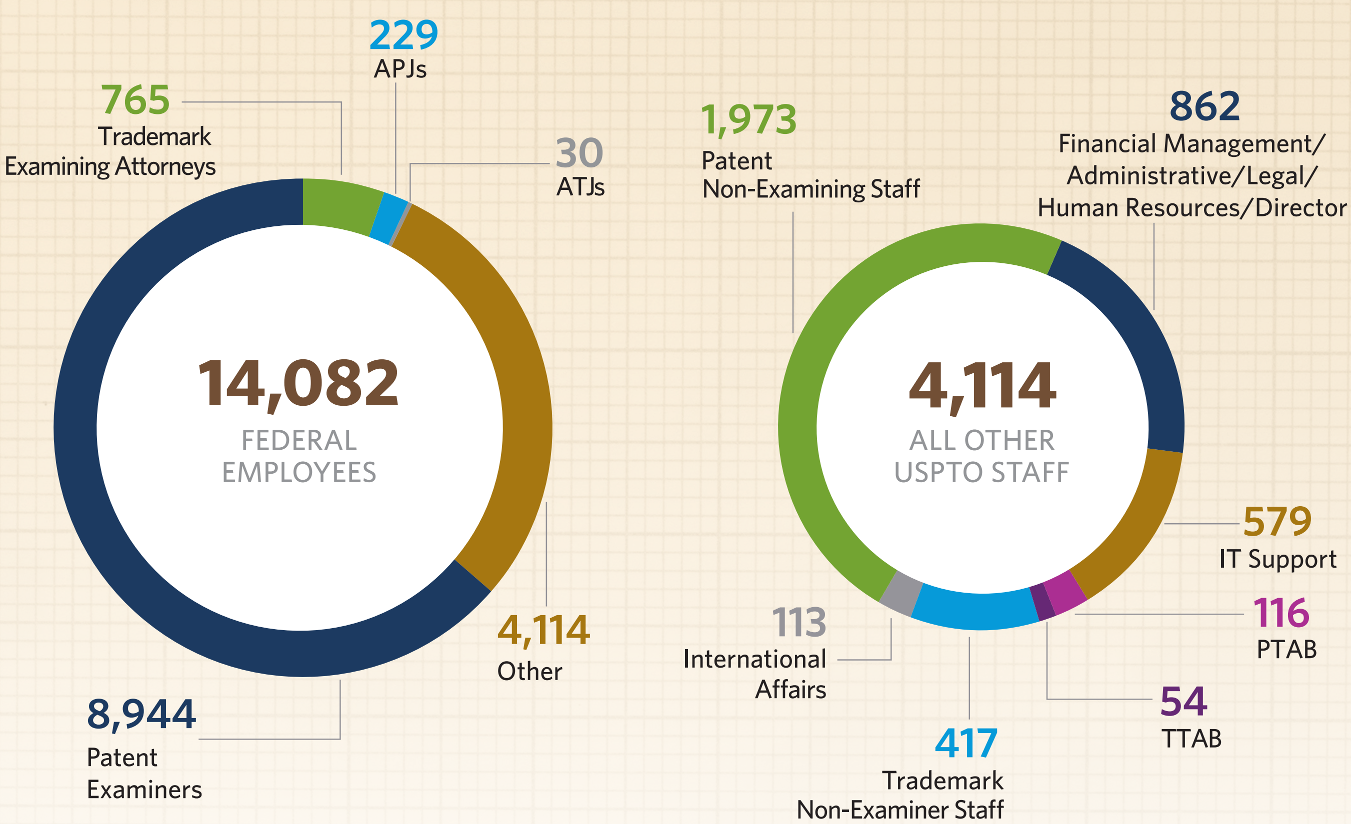
765 trademark examining attorneys

229 administrative patent judges (APJs)

30 administrative trademark judges (ATJs)

4,114 other staff performing functions in areas including, but not limited to, the PTAB and TTAB, international affairs, congressional relations, IT, financial management, administrative support, legal affairs, human resources, communications and public affairs, and the Under Secretary and Director's Office

FIGURE 4: USPTO STAFFING



PERFORMANCE HIGHLIGHTS

Introduction to Performance

To fulfill its mission and goals, the USPTO uses a comprehensive strategic performance framework and quarterly internal reporting structure that guides and monitors the implementation of its objectives, initiatives, and performance measures. These measures track progress on key performance indicators, some of which are available online in the **USPTO Data Visualization Center**.

The agency's patent examiners, trademark examining attorneys, APJs, and ATJs efficiently deliver reliable patent and trademark rights. They rely upon IT as a mission-critical enabler to achieve the USPTO's organizational performance goals. A majority of the USPTO's costs—in the form of compensation, benefits, production contracts, and IT costs related to patents and trademarks—finance the delivery of Goal 2 of the USPTO 2022–2026 Strategic Plan.

This Performance Highlights section is organized by the five strategic goals outlined in the USPTO 2022–2026 Strategic Plan. Several key topics are highlighted under each strategic goal, and more detailed information about the USPTO's accomplishments is available on the agency's **strategic plan accomplishments webpage**. The agency's FY 2024 Annual Performance Plan and Annual Performance Report will release with the President's Budget in February 2025 on the **USPTO annual reports webpage**.

GOAL 1: Drive inclusive U.S. innovation and global competitiveness

During FY 2024, the USPTO significantly increased its outreach and engagement efforts to help Americans participate in the innovation and entrepreneurial ecosystem. The agency continues to make significant progress in advancing opportunities for IP protection both in the United States and around the globe.

STRATEGIC OBJECTIVES

1.1 Enhance the United States' role as a global innovation leader

1.2 Promote inclusive innovation through active engagement and widespread, ready access to IP resources and tools

1.3 Foster an innovation mindset in more Americans, starting with our youth

Establishing the Office of Public Engagement

The USPTO created the OPE to bring together, under one umbrella, the agency's national, regional, and community outreach offices; outreach functions performed in other business units; the **Council for Inclusive Innovation** (CI^2); and **PTRCs**. This centralization allows the OPE to amplify the agency's nationwide outreach efforts, particularly in local and underrepresented communities, via outreach, education, CX, and customer engagement. Through this coordinated effort, the USPTO is impacting a greater number of innovators and reaching new audiences.

Providing legal services for the underresourced

The USPTO is committed to connecting underresourced inventors and entrepreneurs to legal assistance through a variety of programs featured on the agency's **intellectual property legal assistance programs website**. These resources and programs include the Patent Pro Bono Program, no-cost PTAB and TTAB services, and law school clinics that offer free legal assistance.

The **Patent Pro Bono Program** is one of the USPTO's primary pathways to the innovation ecosystem, with a network of regional programs that match volunteer patent professionals with financially underresourced inventors and small businesses. These patent practitioners prepare and file more than 200 patent applications annually, reaching communities with historically low patent participation rates. The work of the program's professionals is critical to ensuring equity and economic growth in traditionally underserved communities.

During FY 2024, the USPTO surveyed regional pro bono programs and found that more African American or Black, Native American, Asian American or Pacific Islander, or participants specifying two or more races had applied to the program than ever before. A record number of women, Hispanics, and veterans also applied to regional patent pro bono programs during the year. All of these traditionally underserved communities, excluding women, participated in the Patent Pro Bono Program at or above their existing percentages in the U.S. population, indicating that the program is working as designed to facilitate access to the innovation ecosystem.

In coordination with the Pro Bono Advisory Council and the Small Business Administration (SBA), the Patent Pro Bono Program offers "**pathways**" events targeted to current and aspiring inventors and entrepreneurs. These events, conducted both in person and virtually, connect participants with information and resources about IP protection, funding options, and inventor networks.

The USPTO's Patent Pro Bono Program has coverage in all 50 states plus the District of Columbia and Puerto Rico.

On December 29, 2023, the USPTO delivered to Congress the the **UAIA Study of Patent Pro Bono Programs**. This groundbreaking, comprehensive study found that regional patent pro bono programs are successfully meeting the needs of underresourced independent inventors and small businesses.

In addition to the services provided by the Patent Pro Bono Program, both the PTAB and TTAB help coordinate clearinghouse programs that offer no-cost legal assistance for qualifying inventors and entrepreneurs in proceedings before the PTAB and TTAB. These programs match volunteer professionals providing free legal services with members of the public who might not otherwise have access to affordable legal assistance (e.g., financially underresourced individuals and small-to-medium enterprises). For more information, visit the **PTAB Pro Bono Program** and **TTAB clearinghouse** webpages.

Finally, the USPTO is increasing access to free legal services by expanding its **Law School Clinic Certification Program** to more law schools. This program provides free services to patent and trademark applicants, including assistance with filing patent applications and trademark registrations. The USPTO welcomed five new law schools in FY 2024 for a total of more than 60 participating clinics nationwide. The program's expansion means

"The Patent Pro Bono Program produces real results. When you provide resources and opportunity, you get robust inclusion. Our system, our country, becomes stronger when we open doors to innovation." —***Derrick Brent***, *Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the USPTO*

more Americans, including those from underrepresented communities, are better able to access legal services now and in the future.

Implementing the UAIA and expanding the USPTO's footprint nationwide

The USPTO's commitment to reaching people where they are and encouraging their successful participation in the innovation ecosystem were top agency priorities for FY 2024, specifically through implementation of the UAIA's provisions for additional regional and community outreach offices. These offices provide intensive support and agency resources directly to local inventors and entrepreneurs, including those from underserved areas or communities, and collaborate with relevant organizations and professional groups to boost innovation and entrepreneurship. They also play a key role in employee engagement, connecting members of the USPTO's remote workforce in locations across the United States. In line with the UAIA mandate, in December 2023, the USPTO **announced** Atlanta, Georgia, as the site of its future Southeast Office, which will serve Alabama, Florida, Georgia, Mississippi, North Carolina, Puerto Rico, South Carolina, and Tennessee, with a projected opening date of

CI^2 Staff Members at the March 2024 "Women in IP" symposium

> *"I look forward to expanding our work in the Southeast and Northeast to facilitate increased economic activity throughout these regions."*
>
> —*Director* ***Kathi Vidal***

December 2025. At the same time, the agency shared the selection of Strafford County, New Hampshire, as the location of a new community outreach office—the first of four such offices authorized by the UAIA—to support innovators in the New England region.

The agency's PTRCs are another valuable local resource for innovators and entrepreneurs nationwide. The PTRC program equips libraries to assist stakeholders in the use of patent and trademark research tools and related resources, and also serve as a referral point for additional services like the SBA's Small Business Development Centers and the USPTO's Patent Pro Bono Program and law school clinics. The agency's FY 2024 PTRC expansion efforts more than quadrupled the centers at HBCUs and resulted in the founding of five new centers in previously underserved states, for a total of 99 active PTRCs as of year-end.

Providing community outreach services and programs

The programs on the next page provide a glimpse into the USPTO's extensive education and outreach efforts, each designed to help all Americans understand the benefits of protecting their IP. The agency's long-term goal is to grow a new generation of knowledgeable IP rights holders who stimulate the U.S. economy.

In addition to these programs, the USPTO's CI^2—which counts among its members corpo-

Selection of USPTO Community Outreach Programs

Active military, veterans, and family members

A series of entrepreneurship essentials programs delivered on military bases across the country to help service members and their families prepare for their entrepreneurship journeys.

Women's Entrepreneurship (WE)

A community-focused program that lifts women up and taps their potential to increase equity, job creation, and economic prosperity through their ideas, insights, and innovations. WE features advice from successful entrepreneurs, as well as resources to help women protect their IP, fund their ideas, and expand their network of mentors and advisors.

Community College Micro-Credit Program

A collaborative program with community colleges across the country that integrates the Path to a Patent and Trademark Basics Boot Camp series into community college courses. This program develops and delivers an accredited IP curriculum for college credits, through which students will gain a greater appreciation for integrating IP considerations into strategic business frameworks.

Path to a Patent

A virtual, eight-module series designed to navigate the patent application process, including an overview of the different types of IP (patents, trademarks, copyrights, and trade secrets). This series facilitates robust, direct contact between the USPTO and its customers and stakeholders as they begin their IP journeys and learn to incorporate IP into their business strategies.

Patents & Trademarks Boot Camps

One-day programs that provide comprehensive IP information to pro se filers (customers filing applications without the assistance of counsel) and underrepresented communities. These programs facilitate robust, direct contact between the USPTO and its customers and stakeholders as they begin their patent and trademark journeys.

The **Patents Boot Camp** provides a scaffolded approach to understand patents and IP rights, how to search prior art, how to properly draft claims, understanding the application forms, and training on Patent Center for electronic filing.

The **Trademarks Boot Camp** starts with the basic definition and benefits of a trademark, and successive modules cover the steps applicants must take to prepare, file, and maintain a federal trademark registration.

National Patent Application Drafting Competition

An annual competition that offers law school student teams the opportunity to draft a hypothetical patent application and present their work to a panel of patent examiners, practitioners, and high-profile guest judges.

The Collegiate Inventors Competition (CIC)

A joint effort by the USPTO and National Inventors Hall of Fame (NIHF) that connects an inventive spirit with entrepreneurship. The competition encourages students to see the value of their ideas, develop their inventions, and contribute to new economies.

Since the program's inception in 1990, many CIC finalists have gone on to start their own businesses, license their technology through university technology transfer, and conduct research at the graduate and postdoctoral levels.

National Summer Teacher Institute (NSTI)

An annual, free, multiday professional development training opportunity that furthers the USPTO's efforts in expanding education on making and inventing, and of IP creation and protection beyond kindergarten through 12th grade. The NSTI also allows the USPTO to reach teachers directly.

During FY 2024, the USPTO welcomed more than 80 K-12 teachers from across the country and overseas military bases to its 10th annual NSTI.

Camp Invention

A partnership program with the NIHF that provides STEM summer camp programs for kids in grades kindergarten through 6th grade to build creative inventions. Nearly 75% of FY 2024 camp participants received some form of financial support or scholarship due to its alignment with the Elementary and Secondary School Emergency Relief Fund, created during the pandemic.

National Medal of Technology and Innovation

An award for outstanding contributions to America's economic, environmental, and social well-being and one of the most prestigious medals to honor inventors and innovators. The USPTO administers this award on behalf of the White House.

In October 2023, 12 new laureates were honored with this award in a joint ceremony at the White House, which also recognized 10 new National Medal of Science laureates.

"Change Your Game"/ "Cambia tu Juego" exhibition

A bilingual English-Spanish exhibition at the Smithsonian's Lemelson Center for the Study of Invention and Innovation within the National Museum of American History that highlights the central role of inventors, inventions, and technology in the history of sports, with a special focus on girls, Black youth, and people with disabilities. Diverse visitors are empowered to explore their own inventiveness and identify themselves as problem solvers who can become "game changers" in their daily lives.

rate, academic, professional, and government IP leaders—is continuing to tap into the strength of American diversity and amplify opportunities for participation in the innovation ecosystem.

In May 2024, the USPTO released the **National Strategy for Inclusive Innovation**, a comprehensive national blueprint for growing the economy, creating quality jobs, and addressing global challenges through a dynamic and thriving innovation system. The strategy's four cornerstones lay the foundation for inclusive innovation, and 11 complementary recommendations will help schools, industry, and other organizations grow the innovation ecosystem in the 21st century. An appendix contains more than 70 best practices and example programs targeted to decision-makers, complete with descriptions and links to resources for developing successful inclusive innovation policies.

GOAL 2: Promote the efficient delivery of reliable IP rights

An efficient and reliable IP system is critical to innovating, building brands, creating jobs, and solving problems, both here in the United States and around the world. This is why the USPTO devotes more than two-thirds of its resources to patent and trademark examination, which directly supports achieving this strategic goal. During FY 2024, the USPTO was—and continues to be—focused on application pendency (i.e., time the agency requires to complete examination) to ensure the timely delivery of IP rights. A July 2024 update from Director Vidal, **Working together to tackle patent and trademark pendency**, outlined current pendency challenges and measurable actions the USPTO has taken to address them. In the blog, Director Vidal commented, "In addition to our critical policy work—including issuing guidance, engaging in rulemaking, participating in international measures and treaties, providing technical assistance to Congress, and working in the courts—we at the United States Patent and Trademark Office (USPTO) have been laser-focused on our operations, including, importantly, pendency." The USPTO is also working diligently to maintain quality standards and exploring how the integration of advanced IT systems, including AI, can enhance its efficiency and quality goals.

STRATEGIC OBJECTIVES

2.1 Issue and maintain robust and reliable patents that incentivize and protect innovation

2.2 Issue and maintain accurate and reliable trademark registrations that protect brands and investments

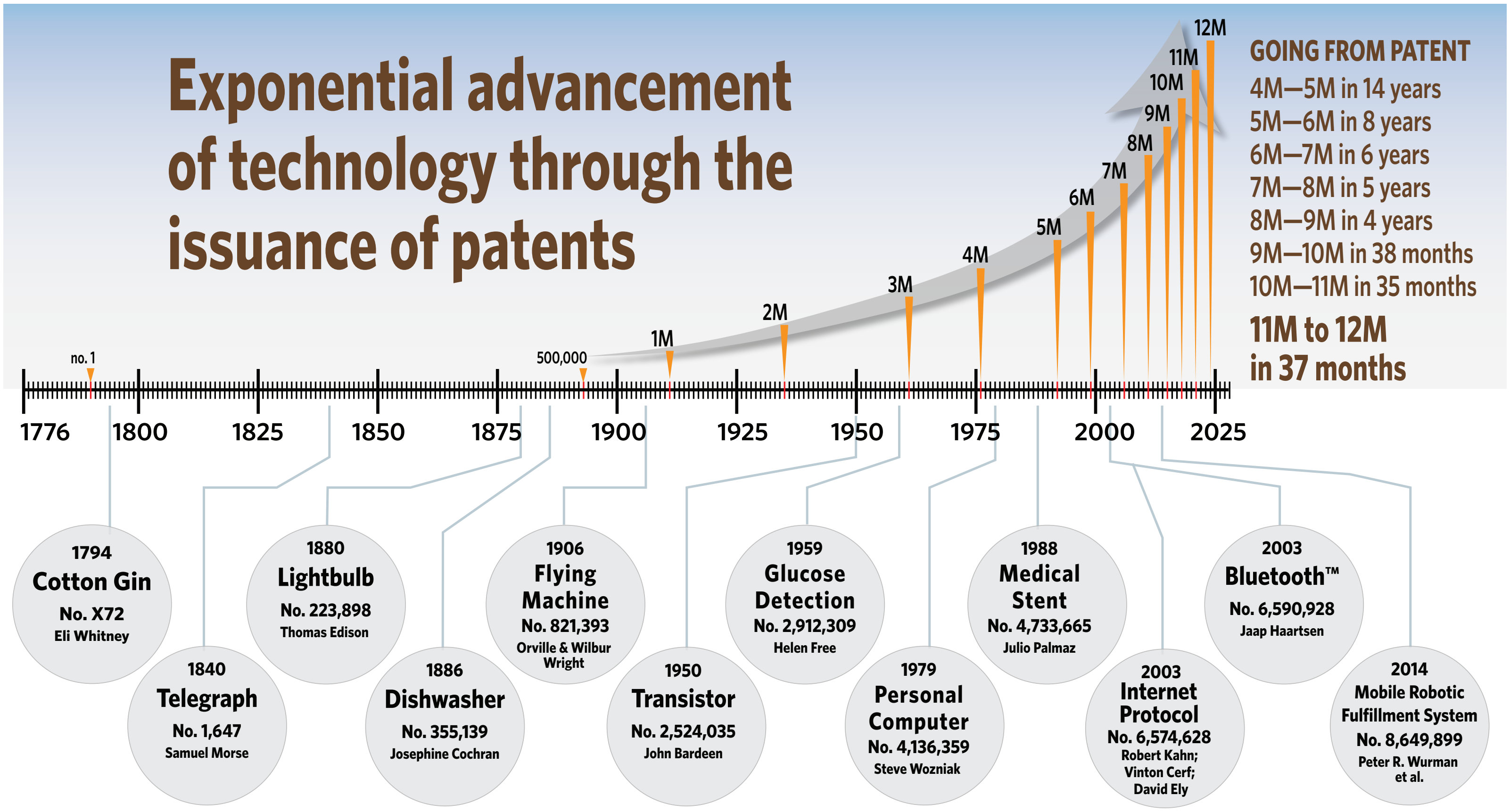
2.3 Improve patent application pendency

2.4 Improve trademark application pendency

2.5 Optimize patent and trademark application processes to enable efficiencies for applicants and other stakeholders

Patent program pendency, quality, and efficiency efforts

There has been an exponential growth in technology through the issuance of patents over the years. The USPTO previously instituted a number of initiatives to improve patent quality, including increasing the time allotted to examine each patent application as well as increasing examiner hiring goals to accommodate this additional time. The forecasted slowdown in filings starting in 2020 was more modest and short-lived than expected. This coincided with a slowdown in examiner hiring, leaving overall examiner staffing levels largely unchanged after accounting for attrition in recent years. These factors, combined with the increased time allotted per application and a



competitive labor market for those with the technical degrees and backgrounds needed for patent examination, resulted in insufficient examination capacity. The result was an increase of 44,010 applications in the unexamined inventory, from 742,919 in FY 2023 to 786,929 in FY 2024.

Throughout FY 2024, the USPTO addressed pendency with instrumental actions to benefit both agency employees and stakeholders. First, the agency increased the efficiency of routing for patent applications, improving the likelihood of initial assignment to examiners with relevant expertise. Second, the USPTO extended examiner working hours, offering greater flexibility to enhance productivity. Third, the agency secured an average 5.68% increase in the special rate table that sets the pay of its nearly 9,500 patent professionals—the first such adjustment in 15 years—to attract and retain employees (greater detail on this achievement is available in Goal 5, Securing pay increases for the examination workforce). Finally, the agency modified its production incentive structures to better reward employees who make meaningful contributions to pendency and quality goals. In addition to these actions, the USPTO is reimagining the examiner hiring process, enhancing examiner training, and increasing overall employee connectedness and well-being. In FY 2024, 923 patent examiners joined the agency, exceeding the goal of 850 new hires and culminating in a corps of 8,500-plus examiners.

DID YOU KNOW?

Patent number 12 million was issued in June 2024 for a chemical reagent used in DNA sequencing.

The agency delivered approximately 363,604 hours of onboarding education during FY 2024 and is adjusting the Patent Training Academy curriculum to further equip these new hires for success. The USPTO is also continuing incentive programs to leverage an all-of-agency approach in support of its hiring and retention efforts, with a concentrated focus on examiner hiring over the next several years.

In the midst of these changes, the USPTO received 466,079 serialized patent applications (new patent filings) during FY 2024, an increase of 0.8% over FY 2023, and granted 327,405 patents, a 5.5% increase. The agency did not meet its FY 2024 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 the impacts of a temporary software outage on our productivity. The software outage decreased the agency's ability to generate first office actions in new, unexamined applications. Therefore, the year-end result was 79%. Likewise, the USPTO did not meet its key performance indicator target of 81% for remaining inventory (i.e., cases awaiting action from the agency) because of this same impact, with a year-end result of 80%.

The USPTO recognizes that workflow optimization will play a key role in improving patent application pendency and compliance with PTA statutory time frames. To that end, the agency is bringing more tools to examiners, including the use of AI to complement existing processes and programs. More Like This Document is an AI tool, released in October 2021, that allows patent examiners to search and find documents similar to those they previously found useful during examinations. Similarity Search, released in October 2022, provides examiners a list of domestic and foreign patent documents similar to the patent application being searched, thereby improving the retrieval of prior art. In fact, AI-powered search tools have proved particularly useful in assisting examiners in retrieving art, including foreign patent prior art, as evidenced

PATENT TERM ADJUSTMENT

PTA was established by the American Inventors Protection Act of 1999 and provides for day-for-day adjustment of a patent term (i.e., the period of time a patent is in force) for certain USPTO administrative delays ("the 14-4-4-4-36 timeframes") for certain patent applications. The specified timeframes require the USPTO to: issue an office action within 14 months after application filing, respond to a reply or an appeal within four months after the reply was filed or the appeal was taken, act on an application within four months after a decision by the PTAB or a decision by a federal court, issue a patent within four months after payment of an issue fee, and issue a patent within 36 months from the filing date of an application.

The agency did not meet its FY 2024 key performance indicator target of 80% total PTA compliance for mailed actions due to the impacts of a temporary software outage on our productivity. The software outage decreased our ability to generate first office actions in new, unexamined applications. The year-end result was 79%.

Likewise, the USPTO did not meet its key performance indicator target of 81% for remaining inventory because of this same impact, with a year-end result of 80%.

by an approximate 10% increase in foreign patent document citations in AI-assisted examinations. These tools are strengthening the USPTO's examination quality, and the agency awarded an AI image search contract, DesignVision, during FY 2024, with a pilot launch scheduled for early FY 2025. This product will augment patent design application examination via reverse image search technology leveraged across 65 global industrial design authorities. The USPTO also awarded an additional contract, AI Search for Patents, to continue driving output capacity, and will pilot three new search-related AI tools in early FY 2025.

Other FY 2024 patent initiatives included external customer surveys that gathered respondent opinions on patent examiners' adherence to rules and procedures; the correctness, clarity, and consistency of rejections; and overall examination quality. The agency invited more than 6,500 randomly selected customers to participate; the resulting Quality Net Promoter Score, 53, exceeded the FY 2024 target of 50. The USPTO also established a research and development unit within Patents to test various new processes before launch across the examining corps. The unit has tested and evaluated a broad range of topics, including the use and effectiveness of information disclosure statements, interview summaries, and **Rule 1.105** requests in examination processes. This testing will help the agency better understand how proposed process changes might affect quality, examining time, and pendency. Finally, the agency remains focused on enhancing application readiness, continuation practice, prior art (i.e., references or documents that may be used to determine patentability of claimed subject matter in a patent application), training, and prosecution changes to improve patent reliability. The USPTO will assess its reliability and consistency efforts via the quality assurance program, which reviews a random sample of examiner work products to gauge timely, reliable, and meaningful indicators of examination quality.

In FY 2024, the USPTO exceeded its key performance indicators for patent quality targets:	FY 2024 Target	FY 2024 Actual
Statute 35 U.S.C. 101, Inventions patentable (including utility and eligibility)	94%	97.8%
Statute 35 U.S.C. 102, Conditions for patentability, novelty (prior art compliance)	94%	96%
Statute 35 U.S.C. 103, Conditions for patentability, nonobvious subject matter (prior art compliance)	92%	93.2%
Statute 35 U.S.C. 112 (a)/(b) rejections related to 35 U.S.C 112(f)	94%	95%

The USPTO first action pendency was 7.5 months and total pendency was 14.1 months, exceeding the 2024 targets of 8.4 and 14.4 months respectively.

Trademark program pendency, quality, and efficiency efforts

Registered trademarks play a critical role in promoting innovation across almost all sectors of the U.S. economy. The USPTO received 767,138 trademark application classes for registration in FY 2024, 30,120 more classes than in FY 2023. The growth rate of new trademark applications is stable, and FY 2024 trademark filings were in line with pre-pandemic trends.

For over a decade, the USPTO maintained first action trademark pendency between 2.5 and 3.5 months. A surge in trademark filings during FY 2020 and FY 2021 resulted in an unprecedented unexamined inventory of trademark applications, increasing pendency to over eight months. Following the surge, the USPTO took several steps to flatten the growth of unexamined inventory, which is the first stage of pendency reduction. The agency achieved this goal by the end of FY 2023 and, in December 2023, initiated a comprehensive plan to direct even more resources to reducing unexamined inventory and improving pendency. On October 1, 2023, unexamined inventory was 526,160, and as of September 30, 2024, it was 436,073, a decrease of 90,087 or 17.1%. As a result of declining unexamined inventory, both first action and total pendency decreased to 7.5 and 14.1 months, respectively, surpassing Trademarks' FY 2024 pendency targets of 8.4 and 14.4 months. The agency expects pendency to continue declining over the next few years, with a long-term goal of reducing average first action pendency to 4.5 months.

"It is our privilege to serve our nation's trademark community, and it is a privilege we do not take lightly. As we continue to develop our Register Protection program to get ahead of the problem, we will also continue to do everything in our power to thwart those looking to scam our customers."

*—Director **Kathi Vidal** and Commissioner for Trademarks **David S. Gooder***

As outlined in the Director's update published on July 11, 2024, the USPTO adopted a multiprong approach to reduce unexamined inventory and improve trademark pendency. Similar to Patents, the agency's focus centered on hiring, training, and retaining examination staff, specifically examining attorneys, while also reprioritizing examiner duties. Combined, these actions resulted in an application examination rate more than 10% higher than initially planned.

During FY 2024, the USPTO graduated its third Trademark Academy class, which featured consolidated training timelines, and welcomed 56 new and returning examining attorneys; expanded recruitment efforts on social media with targeted messaging for potential candidates; and formalized closing conversations with exiting employees that encourage future return to the agency. The USPTO also introduced first action class incentives, including individual monthly and group awards, which contributed to an 11.6% increase in first actions during FY 2024 compared to FY 2023, and resulted in surpassing the pendency goal.

Process improvements involving the forwarding of suspicious trademark applications to the Register Protection Office (RPO) and limiting detail assignments and projects to mission-critical areas helped optimize examination and personnel performance,

During the Trademark Town Hall meeting, Amy Cotton, Deputy Commissioner for Trademark Examination Policy, right, honors Dora Best, Manager of the Trademark Assistance Center, left, in celebration of the center's 30th anniversary. (Photo by Roberto Ortiz/USPTO)

During the TPAC meeting, Derrick Brent, Deputy Director of the USPTO, left, David Gooder, Commissioner for Trademarks, right, and Dan Vavonese, Deputy Commissioner for Trademark Operations, middle, provide updates on matters related to Trademarks. (Photo by Michael Connor/USPTO)

and IT improvements to TM Exam reduced system downtime, latency, and system errors. Finally, a new prima facie case examination standard for first office actions, which transitioned the exceptional office action standard from the first office action to the final office action, enabled more efficient issue of first actions while still meeting the required legal standard.

> *The USPTO exceeded all key trademark quality key performance indicator targets in FY 2024. Compliance rates for first and final office actions were 96.2% and 98.8% at year-end, respectively, versus the targets of 95.5% and 97.0%.*

Compliance rates for first and final office actions were 96.2% and 98.8% at year-end, respectively, versus the targets of 95.5% and 97.0%. Quality efforts during FY 2024 included the launch of a cloud-based **Trademark Search** system that offers a modernized search experience to meet the needs of the trademark community; replacement of the Electronic Trademark Assignment System with **Assignment Center**, a streamlined, easy editing platform for submitting and tracking all trademark assignments; the addition of 13 user-friendly webpages about the **Madrid Protocol** process; and a May 2024 update to the **Trademark Manual of Examining Procedure**, which includes relevant precedential decisions and final rules issued since the November 2023 revision. The agency remains committed to maintaining high compliance quality metrics and is reviewing internal standards to ensure their alignment with examination efficiency goals.

GOAL 3: Promote the protection of IP against new and persistent threats

The USPTO, in coordination with its Public Advisory Committees and other federal agencies, seeks to educate the public on the importance of IP protections and the impacts of counterfeit goods. By reinforcing IP protections and deterring fraudulent practices, the USPTO will bolster confidence in America's innovation ecosystem.

Addressing fraudulent filings

Reports of scams targeting patent and trademark applicants and registrants continued to climb during FY 2024. In response, the agency has made considerable strides in spreading awareness about scams through outreach and education via webinars and social media, and has established a variety of channels, including the **Inventors Assistance Center**, **Trademark Assistance Center**, and USPTO CX survey, that provide an opportunity for customers to file complaints. The USPTO's **Recognizing common scams webpage** provides a list of common scams and signs to watch for regarding IP fraud. The agency is also addressing the rise in trademark scams with a dedicated webpage, **Protect against trademark scams**. Additionally, the USPTO reviewed about 3,000 responses to prior issued show cause orders in patent applications with suspected fraud and plans to stand up a fraud detection and mitigation unit in the near future.

STRATEGIC OBJECTIVES

3.1 Protect patents from fraudulent and abusive behaviors

3.2 Protect the integrity of the Trademark Register

3.3 Improve domestic IP enforcement and reduce domestic IP crime and infringement

3.4 Improve global IP enforcement and reduce global IP crime and infringement

3.5 Support the development and enforcement of clear IP laws

3.6 Work with and on behalf of stakeholders to enable them to better protect their IP

The USPTO has made considerable advancements in protecting the integrity of the Trademark Register. Attorney-sponsored support staff began ID-verifying USPTO.gov accounts during FY 2024, enabling the shutdown of accounts in violation of the Trademark Verified Account Agreement, and improved the agency's automated physical address verification system. Since foreign filers often use bogus physical addresses to circumvent the U.S. counsel rule, these measures allow examining attorneys to validate addresses more efficiently and effectively. In FY 2024, the agency suspended 394 USPTO.gov accounts for user agreement violations and referred 16 practitioners to the USPTO Office of Enrollment and Discipline for suspected attorney misconduct related to the U.S. counsel rule. The USPTO also hired additional paralegals and attorneys within the RPO to increase capacity for reviewing suspicious submissions, drafting sanctions orders, and examining nonuse cancellation petitions for reexamination and expungement. Finally, the agency suspended two infringing domain names, usptogov.us and trademarkassistancecenter.com, which scammers were using to defraud customers.

Addressing counterfeit and pirated products

The scope of counterfeited and pirated products seeking entry into the U.S. market is significant and growing. To combat this issue, the USPTO created an **anti-counterfeiting campaign** and regularly works with U.S. Customs and Border Protection to protect IP rights.

As part of its IP enforcement-related efforts, in May 2023, the USPTO published a **Federal Register Notice** requesting insight from businesses, IP rights holders, and other stakeholders regarding the future of anti-counterfeiting and anti-piracy trends and strategies. The agency also conducted a public roundtable on this issue in October 2023, "**Future strategies in anti-counterfeiting and anti-piracy,**" and released a new edition of its **China IP Rights Toolkit** to help innovators understand the differences between American and Chinese IP laws, as well as IP protection challenges in China. Additionally, since 2019, the USPTO has partnered with the National Crime Prevention Council on the **Go For Real® campaign** to educate young people, their caregivers, and educators on spotting counterfeit products and avoiding the harms associated with fake goods.

Delivering worldwide IP programs

The USPTO provided capacity-building and training workshops around the globe in FY 2024. These programs were focused on IP enforcement and targeted audiences such as the judiciary, police departments, prosecutors, and customs and border enforcement officials. The USPTO conducted some programs in partnership with other federal agencies, state governments, foreign governments, and nongovernmental organizations, including those pursuant to a memorandum of understanding with INTERPOL, the International Criminal Police Organization. The agency's **Global Intellectual Property Academy** (GIPA) also engages in capacity-building programs for foreign IP officials, including patent and trademark examiners. The GIPA delivered over 125 USPTO-organized programs during FY 2024. Altogether, the agency trained over 7,800 U.S. stakeholders and foreign officials responsible for the examination, protection, and enforcement of IP via its educational programs.

The USPTO's network of **IP attachés** and IP specialists work from 13 posts located around the world to support U.S. IP interests and assist U.S. rights holders doing business in foreign markets. During FY 2024, the agency's IP attachés assisted 5,980 U.S. inventors and businesses, including many small and medium-sized enterprises and first-time or new-to-market exporters. The IP attachés also resumed in-person domestic outreach in FY 2024, conducting meetings with stakeholders and business groups in Florida and Georgia.

Altogether, the agency trained over 7,800 U.S. stakeholders and foreign officials responsible for the examination, protection, and enforcement of IP via its educational programs.

Treaty on Intellectual Property, Genetic Resources, and Associated Traditional Knowledge

In May 2024, the USPTO led the U.S. delegation at a diplomatic conference of member states of the **World Intellectual Property Organization** (WIPO), held in Geneva, Switzerland. The conference resulted in the adoption of the WIPO Treaty on Intellectual Property, Genetic Resources, and Associated Traditional Knowledge. The treaty mandates that, under certain conditions, patent applicants disclose the origin or source of a genetic resource or associated traditional knowledge. The treaty is open for signature until May 23, 2025, and will enter into force three months after it is ratified or acceded to by 15 countries.

GOAL 4: Bring innovation to impact for the public good

During FY 2024, the agency expanded its offerings and partnerships to help innovators identify available funding sources, both public and private, for bringing their innovations to impact for the public good. To further promote U.S. competitiveness and economic growth, the USPTO partnered with other federal agencies that fund research and development and provided IP education and outreach to drive federally funded innovations to the American people. The agency will continue to seek public input on IP policies and work with other federal agencies to help to bridge the financial gap inventors face in bringing their inventions to the marketplace.

Collaborating with other federal agencies with research funding that leads to IP

The USPTO works with various federal agencies nationwide through shared programs that support innovators working to obtain IP protections and commercialize their products. These hybrid programs, delivered both in person and virtually, provide information on services and resources offered by the USPTO to individuals who receive research and development funding from other federal agencies. These recipients are often required to participate in these programs so they have an understanding of the value of IP and how to obtain it. The USPTO coordinates these opportunities with federal agencies including the **SBA**, **National Science Foundation** (NSF), **Department of Energy**, **Minority Business Development Agency** (MBDA), **NASA**, and the **National Institutes of Health**/**National Institute on Aging**.

With its focus on outreach, the USPTO has heightened its presence at large-scale events featuring innovation. The agency collaborates with the NSF, SBA, MBDA, Defense Advanced Research Projects Agency, and International Trade Administration's **SelectUSA**, among others, on a joint exhibit targeted to startups at the annual Consumer Electronics Show (CES). The USPTO also partnered with the **Federal Labs Consortium for Technology Transfer**, a network of over 300 federal laboratories and research centers dedicated to accelerating federal technologies into the marketplace, at its national conference in Dallas, Texas. The conference educates technology transfer professionals through a day-long program in the areas of inventions disclosed and patents issued to protect IP, as well as a focus on patent prior art searches. More than 500 federal tech transfer professionals attended the 2024 conference. In addition, the agency participated in the last two iterations of NASA's biannual **Minority Innovation and Tech Transfer Competition**, which supports students of HBCUs and other Minority Serving Institutions in their quest to create new technologies, reaching more than 1,200 future innovators.

The USPTO also works with the Economic Development Administration's **Tech Hubs Program** to strengthen U.S. economic and national security. Tech Hubs events offer opportunities to discuss USPTO initiatives; learn more about IP policy, rights, protection, and resources; and identify other collaborative forms of IP education.

Cooperation on competition and IP

The U.S. Department of Agriculture-USPTO **Working Group** on Competition and Intellectual Property continued its work in FY 2024 to strengthen cooperation between the two agencies. Efforts entailed the expansion of resources available for assessing the patentability of seeds and addressing instances of patents being used to unlawfully reduce competition. Ongoing initiatives include identifying joint opportunities for collecting broader input from stakeholders in the seed and agricultural markets; enhancing the quality of the patent examination process for innovations related to agricultural products and processes; enhancing the transparency of IP information for agriculture-related innovations; and considering and evaluating new proposals for incentivizing and protecting innovation in the seed and agricultural-related space.

STRATEGIC OBJECTIVES

- **4.1** Help innovators, entrepreneurs, and creators identify available funding sources
- **4.2** Promote the protection and domestic deployment of federally funded innovations
- **4.3** Provide leadership to foster domestic and global ecosystems that support innovation

In response to President Biden's Executive Order on "Promoting Competition in the American Economy," during FY 2024, the USPTO and U.S. Food and Drug Administration continued their **collaboration initiatives** in the healthcare space. The agencies are working together to ensure the critical role of patents in incentivizing and protecting investments essential for bringing lifesaving and life-altering drugs to market, while not unlawfully delaying getting generic, biosimilar, and more affordable alternatives into the hands of Americans who need them.

First-Time Filer Expedited Examination Pilot Program

The USPTO designed the **First-Time Filer Expedited Examination Pilot Program** to increase accessibility to the patent system for inventors new to the patent application process, including those in historically underserved geographic and economic areas. The agency renewed the program on March 11, 2024, and as of September 30, 2024, had granted special expedited status to 281 program applications. Since the program's inception in March 2023, 71 applications have successfully become patents.

As part of its continuing commitment to expanding access to the innovation ecosystem, the USPTO announced a first-of-its-kind preapplication program, the **Pre-Prosecution Pilot**, in December 2023. The program, which supports underresourced inventors in accordance with UAIA directives, launched in February 2024. This free, two-day, virtual workshop assists inventors in assessing the strengths and weaknesses of their patent applications and offers instruction on searching public patent databases to determine whether their ideas are novel. Participation is limited to 20 qualifying individuals per workshop, and to date the agency has delivered three iterations to novice inventors.

International cooperation on standard essential patents

In the interest of U.S. national and economic security, the Biden Administration's **U.S. Government National Standards Strategy for Critical and Emerging Technology** prioritizes the enhancement of efficiencies in the licensing of SEPs. The agency launched several initiatives during FY 2024 in pursuit of this goal. In May 2024, the USPTO partnered with the WIPO's Arbitration and Mediation Center to conduct a workshop on dispute resolution efforts related to SEPs and disputes concerning fair, reasonable, and non-discriminatory (FRAND) licensing. In June 2024, the agency signed a **memorandum of understanding** with the United Kingdom Intellectual Property Office to examine ways of improving transparency in FRAND licensing of technical interoperability standards and engage in stakeholder outreach to raise awareness of SEP-related issues. In reference to the memorandum, Director Vidal remarked, "This important collaboration with UKIPO will help us work together toward a fair and balanced international standard essential patent ecosystem that benefits all businesses in our two countries, including small and medium-sized enterprises and new market entrants."

> *"Extending the successful First-Time Filer program is one of our many efforts to lift individuals and communities through our patent system," said Kathi Vidal, Under Secretary of Commerce for Intellectual Property and Director of the USPTO. "If we can give our nation's emerging innovators faster feedback and accelerate getting their game-changing products to market, we can enable each of them to play their own role in solving local and world problems and contributing to job and economic growth."*
>
> *—Director* ***Kathi Vidal***

Engagement with international partners

In 2024, the USPTO signed agreements with the Dominican Republic, El Salvador, and Trinidad and Tobago that provide for accelerated patent grant procedures to benefit U.S. patent holders. The agency also concluded 14 other agreements and memorandums of understanding with foreign IP

Key IP Country Team Performance indicator met the FY 2024 target	Brazil	China	India	Target
100% of prioritized countries have implemented at least 75% of action steps in the country-specific action plans toward progress along 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	Met	66% of prioritized countries
Percent of action steps taken	88%	76%	81%	75%

offices and partner organizations, including Bahrain, the Peoples Republic of China, Indonesia, Israel, Laos, Moldova, Namibia, Nepal, the Philippines, Taiwan, United Arab Emirates, United Kingdom, and Uruguay.

The USPTO exceeded 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 in Strategic Objective 1.5, Strategy 4 in the DOC Strategic Plan 2022–2026. During FY 2024, the percent of action steps for which progress was made was 88% for Brazil, 76% for China, and 81% for India.

Programs advancing key technologies

During FY 2024, the USPTO continued its support of a strong IP system that encourages innovation in high-impact sectors via the **Semiconductor Technology Pilot Program**, **Climate Change Mitigation Pilot Program**, and **Cancer Moonshot Expedited Examination Pilot Program**. These pilot programs grant special status to accepted patent applications, advancing them out of turn for examination until a first office action. Therefore, these applications will have a shorter waiting period, or pendency, from the application filing date to the first office action issue date. Program participants do not pay additional fees and are exempt from requirements of the **Accelerated Examination Program** and **Prioritized Patent Examination Program**.

Tech transfer request for comments

The USPTO recognizes that commercialization is a critical pathway for maximizing the public impact of IP, and the agency is committed to supporting its stakeholders in their pursuit of achieving the full potential of their innovations through tech transfer. In March 2024, the USPTO issued a **comprehensive request for comments** on ways the agency can continue to accelerate and incentivize the transfer of IP to the marketplace for the greater good, specifically in the areas of green, critical, and emerging technologies. The public provided thoughtful and actionable feedback, including requests to leverage the agency's stakeholder relationships to more effectively assist innovators and funders; insights on stakeholders' policy concerns; and opportunities for the agency to educate small businesses and startups on IP rights as a tool for securing funding. The USPTO is carefully considering this feedback as it identifies the most impactful ways to leverage outreach programming and advance technology transfer goals for all stakeholders.

Leveraging artificial intelligence

The USPTO is committed to effectively and responsibly leveraging emerging technologies such as AI and machine learning (ML) to meet critical mission needs. The agency's AI-related work is immeasurably enriched by public engagement, including through the **AI and Emerging Technology Partnership** and technical collaborations with AI researchers and data scientists.

As one of the most powerful technologies of the modern era, AI presents big opportunities—and big risks. On October 30, 2023, President Biden issued **Executive Order 14110**, which directed the USPTO to develop and distribute guidance to patent examiners and applicants addressing: (a) inventorship and the use of AI in the inventive process, within 120 days; and (b) other considerations at the intersection of AI and IP, including patent subject matter eligibility (SME), within 270 days. The agency achieved both goals by their targeted deadlines.

Bolstered by the executive order and extensive stakeholder engagement efforts, on February 13, 2024, the USPTO issued **Inventorship Guidance for AI-Assisted Inventions**. The guidance embraces the use of AI in innovation and provides clarity on determining proper inventorship for AI-assisted inventions. The USPTO concluded that AI-assisted inventions are not categorically unpatentable and that patent protection may be sought for inventions in which a natural person provided significant contributions. The comment period closed on June 20, 2024, and the agency is evaluating feedback to determine whether any further guidance or clarification is needed.

The USPTO is also advancing effective and responsible use of AI before the USPTO. On April 11, 2024, the agency published **Guidance on Use of Artificial Intelligence-Based Tools in Practice before the United States Patent and Trademark Office** to address considerations around stakeholder use of AI systems in preparing patent applications and documents for submission to the USPTO. The guidance does not prohibit the use of AI tools, as they may potentially lower the barriers and costs of practicing before the office and allow law practitioners to offer their clients better-quality and more efficient services. Instead, the guidance reminds individuals involved in proceedings before the USPTO of pertinent rules and policies; provides information on the risks associated with the use of AI; and provides examples and suggestions to mitigate the risks. The guidance followed the February 6, 2024, memorandum from the Director to the PTAB and TTAB on **misuse of AI by parties in Board proceedings**.

The USPTO has continued engaging with its stakeholders on the impacts of AI in IP. To build on the work of its collaborative AI and Emerging Technology Partnership, the agency published on April 30, 2024, a **Request for Comments Regarding the Impact of the Proliferation of Artificial Intelligence on Prior Art, the Knowledge of a Person Having Ordinary Skill in the Art, and Determinations of Patentability Made in View of the Foregoing**. The request sought public feedback on AI's effects in certain USPTO evaluations in patentability determinations. The agency hosted a concurrent listening session at its headquarters, in July 2024, to gather stakeholder views on specific questions asked in the request for comments. Responses will help the USPTO evaluate the need for further guidance on these matters, aid in the development of such guidance, and inform the agency's work in the courts and in providing technical advice to Congress. The comment period closed on July 29, 2024.

The USPTO also issued the **2024 Guidance Update on Patent Subject Matter Eligibility, Including on Artificial Intelligence** on July 17, 2024, to assist USPTO personnel and stakeholders in evaluating the SME of claims in patent applications and patents involving inventions related to AI. Three new examples announced in the update illustrate the application of the USPTO's existing patent SME guidance to AI inventions. In addition, the agency developed training to help its personnel make clear and consistent SME determinations for AI inventions.

Seeking public comments to bring innovations to the marketplace through commercialization

In March 2024, the USPTO issued a request for comments, **Unlocking the Full Potential of Intellectual Property by Translating More Innovation to the Marketplace**, to gather public feedback on how the agency can better support the translation of innovations to the marketplace through commercialization. The USPTO, with support from the National Oceanic and Atmospheric Administration, NIST, and NSF, also sought input on new ways to unlock the potential of IP for the public good by fostering pathways for innovation to reach the marketplace, with particular attention to green, critical, and emerging technologies.

Participation in international IP forums

The USPTO represented the United States and the interests of U.S. rights holders at a number of international organizations throughout FY 2024, including the WIPO, World Trade Organization, IP5, TM5, ID5, International Union for the Protection of New Varieties of Plants, Association of Southeast Asian Nations and its Intellectual Property Experts Group, and Asia-Pacific Economic Cooperation, among others.

GOAL 5: Generate impactful employee and customer experiences by maximizing agency operations

Generating positive employee experiences is a top priority at the USPTO. The agency believes that an employee's perceptions and feelings are influenced by many aspects of agency operations, including interactions with colleagues, customers, technology, and their work environment.

Improving hiring practices to grow and maintain examination capacity

Full staffing is critical to USPTO operations, especially as the agency works to reduce its unexamined patent and trademark application inventory and achieve the performance goals noted in the USPTO 2022-2026 Strategic Plan. During FY 2024, the agency made great strides in improving its hiring practices, generating impactful employee experiences, and advancing recruitment opportunities for candidates across a diverse range of groups. Using writing tools that check for inclusive and plain language usage, the USPTO enhanced its vacancy announcements and made its digital and print materials more accessible and relevant to all audiences. The agency also added a diversity, equity, inclusion, and accessibility (DEIA) statement to its vacancy announcements to bolster its commitment to DEIA practices. The USPTO shared this improved content via 71 recruitment events, 62 social media posts, 52 email campaigns, 29 webinars, and 17 sourcing campaigns aimed at growing and maintaining examination capacity. With these initiatives, the agency exceeded its FY 2024 hiring goal of 850 new patent examiners.

STRATEGIC OBJECTIVES

- **5.1** Create employee experiences that balance productivity, wellness, inclusion, and community connectedness
- **5.2** Equitably deliver exceptional customer experiences
- **5.3** Develop modern IT infrastructure and applications
- **5.4** Expand opportunity, discovery, and accountability through greater data maturity
- **5.5** Resource mission success

Through its robust outreach and recruitment efforts, the USPTO exceeded its FY 2024 patent examiner hiring goal.

Securing pay increases for the examination workforce

The U.S. Office of Personnel Management (OPM) has the authority to establish higher rates of basic pay, or special rates, to address existing or likely significant challenges in recruiting or retaining well-qualified employees. On April 30, 2024, the USPTO received approval from OPM to increase the pay for patent examiners and other patent professionals (subject to federal salary caps) through modification of **Special Rate Table Number 0576**, affecting approximately 9,500 employees and effective as of June 2, 2024. The special rate table, which covers patent professionals in patent examiner, patent administration, patent attorney, patent classifier, and design patent examiner positions in General Schedule grades 5 through 15, was last updated in 2007. In the years since, the gap between standard rate table and basic pay rates by geographic area narrowed significantly. Thus, the USPTO's salaries were insufficiently competitive with the private sector to attract and retain the highly sought science, technology, engineering, and mathematics workforce crucial to fulfilling the agency's mission. This adjustment, combined with recruitment incentives and workplace flexibilities, enhances the USPTO's ability to recruit and retain the professionals it needs to meet mission demands more effectively and efficiently.

A multifaceted approach to employee experience and engagement

The USPTO's 2024-2028 People Plan, released in May 2024, is the human capital framework that provides concrete guidance and focused actions toward achieving the agency's overall goals through employee well-being. The plan provides talent management strategies that promote employee experience, inclusion, and merit system principles, and aligns with the USPTO 2022-2026 Strategic Plan.

During FY 2024, the USPTO created an Employee Experience Council that includes employees, managers and leaders, and union representatives from across the USPTO working together on an enterprise approach to employee experience. Among other initiatives, the council assessed early employee experience by evaluating the agency's onboarding process. In May 2024, the agency released surveys and interviewed new employees to gain feedback on their onboarding experience, and this data will help reshape the USPTO's onboarding program.

Key CX performance indicators met and exceeded FY 2024 targets.

The positive satisfaction rate for applicants filing a patent application was 76% and the rate for trademark filers was 77%, exceeding the targets of 70%. The percentage of customers who indicated the employees they interacted with were helpful was 83% for patents and 80% for trademarks. These figures exceeded the FY 2024 targets of 75%. The percentage of customers who trust the USPTO to grant patents and register trademarks in accordance with U.S. laws and regulations was 74%, over the 65% target.

The USPTO also improved internal communication with its employees during FY 2024. PTOWeb, an intranet-based primary communications channel, has matured into a robust and useful tool for finding and sharing information. Numerous site enhancements, including an upgraded search tool, resulted in measurable increases in employee engagement throughout the year. Updates are driven by the first-ever internal PTOWeb Advisory Council, consisting of agency-wide authors and advisors on intranet standards, policies, and procedures. The USPTO also reduced the email burden on employees by centralizing routine communications on the site and the revamped **Director's Blog**. PTOWeb will remain a key focus area for development and maintenance as the agency works to meet employees where they are and improve their experiences with reliable, timely, and relevant information in a geographically dispersed and increasingly virtual work environment.

As part if its employee engagement strategy, the USPTO is also enhancing relationships with its **volunteer employee organizations** (VEOs). The agency highlights these groups on social media by posting event photos, quotes, and marketing statements to convey the community connectedness and engagement VEOs offer. In FY 2024, the USPTO spotlighted 19 different VEOs with highly successful engagement rates of 7% and 10%, respectively, on Facebook and LinkedIn.

The agency is committed to continuous labor-management collaboration. In FY 2024, the USPTO negotiated the language for new collective bargaining agreements with two of its labor unions-- the Patent Office Professional Association (POPA) and the National Treasury Employees Union (NTEU) Chapter 245. The agreements with POPA and NTEU 245 are expected to be finalized in early FY 2025. Negotiations with a third union, NTEU Chapter 243, are ongoing and expected to end later in FY 2025. During FY 2024, officials from the USPTO's three labor unions met regularly with agency-wide management to provide feedback about employment conditions and employee experience through the Labor Management Forum. In addition, the Labor Management Forum addressed employee engagement measures and formed a working group focused on enhancing labor-management collaboration regarding AI and emerging technology.

Equitably deliver exceptional customer experiences

Recognizing the importance of CX and its impact on the patent and trademark programs, the USPTO strives to provide exceptional service by continuously seeking stakeholder feedback. The OPE will serve as the central hub for CX improvements and maximize the effectiveness of initiatives across the agency. In FY 2024, the USPTO's CX efforts included an intentional focus on patent pro se applicants, a customer segment that often abandons the patent application journey at higher rates than other groups. Per **OMB**

Circular A-11, section 280, the USPTO maintained its High Impact Service Provider status for FY 2024, with its two designated services of applying for a patent and applying to register a trademark.

To further improve CX, in FY 2024, the USPTO launched "The CX Basics—Introduction to Customer Experience" online training for all new employees, enabling agency staff to continuously improve services. The agency also completed its CX action plan commitments, including the delivery of technology enhancements that allow customers to submit patent applications in **DOCX format**, the scaling of Trademark Center beta to all applicants, and continuous customer education and feedback collection.

The USPTO continued surveying patent and trademark customers to inform the design of and enhancements to **Patent Center** and **Trademark Center**. Although most patent and trademark applications are submitted by licensed attorneys on behalf of their clients, the USPTO invested time and resources to receive input from all its customers, including independent filers and small businesses, to deliver an easily accessible filing experience.

The USPTO will continue gathering feedback from its customers to simplify online tools for navigation and filing and maintain its focus on educating customers in the nuances of obtaining a patent or registering a trademark. To maximize agency operations, the USPTO will invest in exploring and implementing best practices in CX while aligning its efforts with employee experience. For more information on the USPTO's CX action plan and quarterly results, visit **performance.gov**.

Information technology to improve customer and employee experiences

The USPTO uses agile practices that include a product-driven model where responsible managers determine how to best provide IT services. The agency empowers its product teams with ownership of product roadmaps—their paths to delivering prioritized services. The OCIO drives and supports the technology and infrastructure that underlie these roadmaps and priorities with scalable technology solutions that enable robust cross-channel CX. Additionally, the OCIO's work in emerging technologies such as cloud infrastructure, AI/ML, and communications platforms provides powerful engagement avenues for product teams to interact with their customers, both within and external to the agency.

During FY 2024, the USPTO gathered customer feedback to inform IT product team efforts to enhance the digital experience. The customer journey for all patent and trademark filers funnels through initial application forms with associated fees, and applicants must have access to fee-related information during the application process. The USPTO's **fee-related webpages** provide self-service information and tools for all customers, including pro se applicants and trademark filers.

To improve employee experience, IT product teams successfully enhanced the agency's Equal Employment Opportunity Case Management Reporting System based on end-user customer feedback. This FY 2024 accomplishment ensures the USPTO's compliance with law, policy, government directives, and collective bargaining unit agreements. Employees can now efficiently submit complaints and access their statuses and management can effectively monitor and manage these complaints. These improvements will save time and provide employees who submit complaints, as well as OEEOD users, approvers, and administrators, a better experience as they process equal employment opportunity complaints.

System resiliency and retiring legacy systems (reducing cost and improving transmission)

The USPTO's modernized systems offer greater resilience, enhanced security, higher throughput,

Tour of Camp Invention at Stratford Landing Elementary School with DOC Deputy Secretary Don Graves and USPTO Director Kathi Vidal, pictured. (Photo by Jay Premack/USPTO)

scalability, increased capabilities, improved maintainability, and an overall better, more efficient experience for employees. The agency retired eight legacy patent systems during FY 2024, thereby increasing product team capacity to focus on quality and modernization. To deliver superior user experiences and meet expectations, the agency successfully migrated four systems to the cloud and met a significant milestone with the delivery of a centralized, always available, cloud-based content management system to patent customers. This modernization allows for greater throughput with the capability to scale quickly to meet examiner and external customer needs, while also delivering more secure and reliable data throughout the innovation ecosystem.

Patent Center, the USPTO's filing and patent management system, replaced the legacy EFS-Web and Private PAIR tools in FY 2024, and the agency offered multiple public training events to prepare customers for the change. The Patent Center offers an enhanced user experience for electronically filing and managing patent applications, thereby improving efficiency (e.g., enhanced upload and download functionality) and providing additional user capabilities (e.g., separate submission and payment receipts and training modes). This transition is essential in ensuring that USPTO tools continue to meet and evolve with user needs during patent application filing and retrieval.

On July 1, 2024, the USPTO released the beta version of the Trademark Center, a new system for customers to apply for trademark registration. Based on customer input, the agency designed the Trademark Center to be user-friendly and encourage more complete applications, thus reducing required office actions and saving both customers' and employees' time and resources. In addition to being mobile-friendly, Trademark Center autosaves drafts and provides prompts to complete commonly omitted information. Since the public launch, 84% of customers responding to the Trademark Center survey indicate positive satisfaction and 93% positive trust in the USPTO.

During spring 2024, the USPTO retired the legacy TRAM mainframe. More than 40 years old, TRAM was based on outdated Common Business-Oriented Language, making it difficult and expensive to maintain and problematic to upgrade. The agency can now focus on supporting its pendency reduction and quality improvement efforts, enable data-to-information processes, and execute targeted product resiliency and modernization efforts (e.g., Trademark Public Search, Trademark Electronic Application System replacement, TTAB Center, TM Exam, and eOG Publication Processor).

The USPTO also delivered a new web address for secure and private access for querying fee collection data within the agency's internal system, a significant achievement that bolsters mission resiliency. This functionality enables consuming systems such as fee processors to efficiently access fee collection data via web services instead of direct queries on internal databases. This feature enables decoupling of dependent systems and facilitates a more seamless migration of databases to the cloud, enhancing overall system resilience.

The USPTO continually ensures its cybersecurity measures are available to protect, detect, react, and restore, even when under attack from an adversary. The agency updates its corporate systems throughout their life cycles as environments change, thereby maintaining its security posture based on risk assessments and mitigations. The USPTO's successful completion of annual cybersecurity assessments is a clear indicator of its systems' robust security and cyber resilience.

Data protection

In FY 2024, the USPTO began executing its implementation plan for encryption of data at rest, per directives from **Executive Order 14028**. The agency achieved a 100% complete encryption of all cloud data at rest, meeting its goal.

As part of its Data as an Enterprise Asset (DaaEA) initiative, the agency began to catalog, inventory, define, and tag its data in an enterprise-wide USPTO Data Catalog. The catalog will empower agency employees to discover, request access to, curate, and integrate needed data in a timely manner for use in decision-making. The USPTO will also use the catalog to implement additional data protections and security controls that proactively reveal protection gaps and implement automated data governance, thereby decreasing the potential exposure of nonpublic data.

To improve resiliency, security, and availability, the USPTO is transitioning user laptop and profile data to Microsoft OneDrive. Approximately 25% of employee transitions were complete as of mid-FY 2024, and the agency expects to achieve 100% completion during the first quarter of FY 2025. OneDrive offers employees the ability to apply security and retention labels to and encrypt, share, and access their data from any USPTO-approved device.

Since FY 2021, the USPTO has reduced the physical footprint of its Alexandria headquarters and adjacent facilities by approximately 1 million square feet.
(Photo by Michael Connor/USPTO)

Reduction of office space

The USPTO reduced its Alexandria headquarters footprint by 841,284 square feet, or 34%, during August 2024, yielding a cost savings of more than $38.1 million in real estate expenditures annually. Combined with additional operational cost avoidance, the agency expects to save $205 million over the next five-year campus real estate lease term.

The USPTO also achieved Congress's FY 2024 statutory goals to reduce energy usage and mitigate environmental impacts. The Environmental Protection Agency awarded the Alexandria headquarters its 12th consecutive ENERGYSTAR certification; the agency's score was 76, a 5% improvement from FY 2023. The agency also reduced campus energy consumption by 6%, saving 2,017 megawatt-hours of electricity and approximately $166,000. The USPTO is continuing to work toward its goal of diverting at least 60% of waste out of landfills.

Performance measurement reporting process

The USPTO uses a comprehensive strategic performance framework to guide and monitor implementation of the mission, goals, and objectives outlined in the 2022–2026 Strategic Plan. The Annual Performance Plan, in conjunction with the FY 2024 President's budget request, includes performance measures and annual targets the USPTO uses to track progress toward achieving its strategic goals and objectives.

While formulating the budget, USPTO program subject matter experts review and adjust the performance measures to ensure they adequately capture progress toward the agency's strategic goals and facilitate improvements to 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 Visualization Center. A summary of FY 2024 year-end performance results is presented on page 22 of this report. Detailed performance results will be published in the FY 2024 Annual Performance Report, which is scheduled for publication in February 2025 and will be posted to the USPTO annual reports section of the agency website.

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 produced in a given period to the amount and quality of work expected to have been produced.

The USPTO operates within a performance-based process that uses quantitative and qualitative measures and standards to evaluate cost-effectiveness. Employee Production data (plan and actual) feed complex organization production models used to determine the level of resources and costs needed to deliver on organizational performance commitments.

The USPTO's approach to verification and validation of performance data, intended to improve accuracy and reliability, includes:

1. Development of performance measures through strategic planning and annual performance planning.
2. Confirmation, 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 standard 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. USPTO program managers, IT product owners, and Agile teams monitor and maintain automated systems and databases that collect, track, and store performance indicators. Each system, such as Docket and Application Viewer, Official Correspondence, Patent Application Location and Monitoring, and Trademark Reporting and Application Monitoring, incorporates internal program edits to control the accuracy of supporting data. The automated system typically evaluates data against expected results for reasonableness, consistency, and accuracy. Cross-checks between other internal automated systems also provide assurances of data reasonableness and consistency. In addition to internal monitoring of each system, experts outside the business units routinely monitor the data collection methodology.

4. The OCFO is responsible for monitoring the agency's performance, providing direction and support on the data collection methodology and analysis, ensuring that 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 over the verification and validation of the performance measures, with no issues noted. These processes and controls remained comparable for FY 2024.
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 the 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 the identification of 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 help assure that performance data reported by the agency are complete, accurate, consistent, and reliable, as appropriate to their intended use, and that internal controls are maintained and functioning as intended.

Commissioners' performance for FY 2024

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. The Commissioners for Patents and Trademarks each have FY 2024 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. The USPTO will document the results achieved in the FY 2024 Annual Performance Report. The FY 2024 bonus information was not available when this report was published, but the USPTO will include it in next year's AFR. For FY 2023, the Commissioner for Trademarks bonus information was not available at the time this report was published. The Commissioner for Patents received a bonus of 18.86% of the base salary.

Performance audits and evaluations

The DOC OIG completed and issued three final audit reports pertaining to the USPTO for FY 2024:

1. "USPTO Must Improve Acquisition Planning to Ensure Efficient and Competitive Procurements," Final Report No. OIG-24-008-A with five recommendations for corrective action to mitigate the audit findings.
2. "The Department Needs to Strengthen Its Ethics Oversight for USPTO Patent Examiners," Final Report No. OIG-24-013-I with 2 two recommendations for corrective action to mitigate the audit findings.
3. "A 3-Year Exposure of Privacy Act-Protected Data Revealed USPTO Mismanagement in Safeguarding the Sensitive PII of Trademark Filers," Final Report No. OIG-24-029-I with nine recommendations for corrective actions to mitigate the audit findings.

The USPTO concurred with all recommendations and is working with the OIG in response to corrective actions.

The Government Accountability Office (GAO) issued one new audit report for the USPTO during FY 2024, Intellectual Property: Stronger Fraud Risk Management Could Improve the Integrity of the Trademark System, which includes two open recommendations. There are no open recommendations from previously issued GAO reports.

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 2024, 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, 2024, 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, 2024, 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, 2024, and September 30, 2024.

Kathi Vidal

Kathi Vidal
Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office

October 2, 2024

Federal Managers' Financial Integrity Act (FMFIA)

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 2024, the USPTO reviewed its management control system in accordance with the requirements of the FMFIA, 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 the DOC 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 OPM
- USPTO internal evaluations, control assessments, and analyses

The diverse reviews that took place during FY 2024 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 complex mission and mission support activities, such as managing secure IT systems. While eliminating all uncertainties is not possible, USPTO strategies for managing risk are essential to minimizing losses and threats that deter mission success. Enterprise Risk Management (ERM) orchestrates those strategies. ERM creates a forum for openly identifying and discussing risks and developing risk response plans. There are cascading levels of leadership and responsibility for ERM across the USPTO, including a top-down, bottom-up governance structure for advancing maturity. The USPTO uses a Risk Management Council to manage risk agency-wide and participates in the monthly Departmental ERM Council to review enterprise strategies that inform acceptable risk-taking and prioritization.

The USPTO conducted an annual, enterprise-wide risk assessment to identify new risks the agency may face in FY 2024. USPTO management then scored all newly identified and existing risks on the likelihood of occurrence and degree of impact before prioritizing them based on final scores. The USPTO used the output to update its risk register for FY 2024, which tracks all identified risks, and its FY 2024 Risk Profile, which tracks the highest-priority risks. The USPTO developed the format of its risk profile, including the scoring parameters, in accordance with the requirements of OMB Circular A-123 and DOC ERM Guidance. The USPTO also created action plans in alignment with the results of the risk assessment, which heavily influence the allocation of leadership's time and attention. In FY 2024, ERM will continue to integrate program management, audit activities, performance, financial management, and budget into the risk management process.

Federal Financial Managment Improvement Act (FFMIA)

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 2024.

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 2024, highlighting the challenges that can arise during the modernization of legacy systems. These incidents affected both the Patents and Trademark business areas with minor disruptions to USPTO services. The Agency takes the trust placed in us by our customers to protect sensitive data very seriously. The USPTO's response to these incidents has been multi-faceted 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 intends to implement a continuous Authority to Operate (cATO) model, which will allow for ongoing monitoring and assessment of security practices, thereby reducing the risk of future similar incidents from occurring.

During FY 2024, 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 quarterly. The USPTO performs monthly analyses to ensure operating systems are configured in accordance with their security baseline and the appropriate software patch levels. Additionally, the USPTO integrated artifacts to support the Security Impact Analysis within the systems development life cycle. These artifacts allow the USPTO to assess testing requirements for systems undergoing new developments, enhancements, or maintenance.

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 2024, 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 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 DOC OIG throughout the year and to review annual assessments with the DOC 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 118).

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 2024, the USPTO made timely payments on 99.9% of the 5,708 vendor invoices it processed, representing payments of approximately $994.8 million. Of the four invoices the USPTO did not process in a timely manner, the agency was required to pay interest penalties on three. The USPTO paid a total of $0.1 thousand in interest penalties in FY 2024. 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

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 U.S. Department of the Treasury (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 2024 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-NG actions.

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 Data and Analytics Product. The USPTO has continued to make great strides in migrating its financial management functions to the Amazon Cloud with all components expected to be fully migrated by the end of FY 2025.

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 2024, the USPTO focused on finding more efficiencies through robotics process automation. In FY 2025, the USPTO will focus on security and resiliency as it relates to the Core Financial Management System focusing on operational improvements to support customer needs.

The Fee Management Product, the result of custom development, integrates with Momentum, which maintains the USPTO revenue subsidiary ledger. The services provided by this product include providing customers with the ability to make maintenance fee payments, manage stored payment accounts, pricing, collections, and refund management. In addition to focusing on CX improvements such as implementing surveys in FY 2024, the USPTO will concentrate on implementing chatbots and improving the system's resiliency in FY 2025.

The Planning, Budgeting, and Governance Product leverages COTS components, including budgeting tools, Oracle Enterprise Performance Management, and Oracle APEX; a fee forecasting tool; and a cost accounting tool, Cost Perform. This product supports planning, forecasting, budgeting, and performance management. During FY 2024, the USPTO focused on decentralized, non-IT budget formulation process requirements.

The Data and Analytics 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 (EDW) and its business intelligence tools Alteryx, Tableau, SAP Business Objects, and SAP Data Services. As the USPTO's culture shifts toward viewing data as an asset within a robust governance model, usage of these tools is expected to increase exponentially. The USPTO moved most of the business intelligence tools to the cloud and began the EDW data move to a FedRAMP Software as a Service solution in FY 2024. The USPTO financial and acquisition systems resides on one of these environments and in FY 2024, the USPTO leveraged the Department of the Treasury's Financial Management Quality Services Management Office's (QSMO) acquisition vehicle for managed services. In FY 2025, USPTO will focus on completing the EDW data move to the cloud and retire the use of SAP business intelligence tools in favor of Tableau and vendor-agnostic solutions.

USPTO outreach staff engage with International Toy Fair attendees, sharing information about the importance of IP and USPTO programs available to assist inventors and entrepreneurs.

The Data and Analytics 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. In FY 2024, the USPTO successfully migrated this data stored from an on-premises technology stack consisting of DataStax and Cassandra to a cloud-native technology stack.

FINANCIAL DISCUSSION AND ANALYSIS

Financial Highlights

Similar to a private-sector business, the USPTO finances its operations solely through user fees. These fees support the agency's work in maintaining the U.S. innovation ecosystem, primarily through IP rights. Total fee collections correlate with demand for the USPTO's products and services, and the agency routinely forecasts both demand and anticipated fee collections to plan for and manage annual operating expenses. These forecasts are inherently uncertain, as economic conditions are inexact, 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 GAO 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 2024 financial statements—the agency's 32nd 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 controls, and no instances of noncompliance with laws and regulations affecting the financial statements. Their 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 2024 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 cost-effective, data-driven, and customer-centric business solutions.

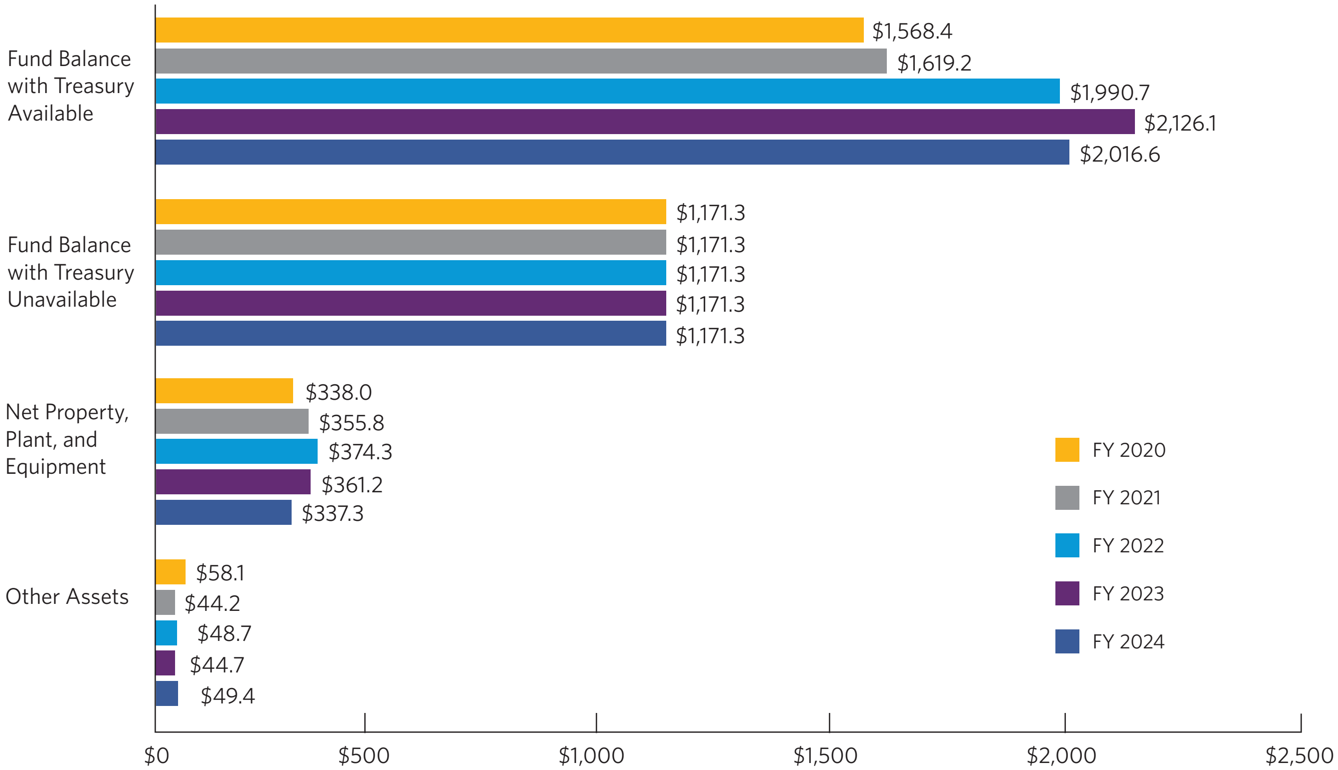
Balance Sheet and Statement of Changes in Net Position

At the end of FY 2024, the USPTO's Balance Sheet (see page 79) presented total assets of $3,574.6 million; total liabilities of $2,133.6 million; and a net position of $1,441.0 million.

Assets

While the agency's total assets decreased during FY 2024, its total assets grew 14.0% over the past four years, largely due to strategic deposits to the patent operating reserve—which has reached near-optimal levels for mitigating financing risk. Figure 5 shows changes in 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 89.2% of the agency's total assets at the end of FY 2024. The unavailable fund balance with Treasury comprises 36.7% of the USPTO's total fund balance with Treasury and represents fees the USPTO collected between FY 1992 and FY 2013 that have not been authorized for spending through the annual appropriations process. Its total $1,171.3 million balance includes temporarily unavailable fees of $937.8 million (comprised of previously collected fees from when the USPTO lacked appropriation authority to spend all collected fees and sequestered funds) and unavailable special fund receipts under the Omnibus Budget Reconciliation Act (OBRA) of $233.5 million (comprised of surcharge collections). These funds require congressional appropriation before the USPTO may use them. If Congress does not provide an appropriation, the funds are tracked for accounting purposes and remain unavailable in the USPTO's account with Treasury. The remaining 63.3% of the fund balance with Treasury is available for use and comprises unexpended obligated funds of $733.4 million; other funds held on deposit for customers of $141.3 million; and appropriated but unobligated funds carried over from one year to the next (i.e., operating reserves) of $1,141.9 million. See Note 2 (page 90) and Note 7 (page 94) for additional information.

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. The operating reserves contain unobligated carry-over balances available for agency use without further congressional appropriation and are a critical financing mechanism to bridge differences in daily fee collections and costs, while also mitigating external 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 may apply in situations where 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 (PTFRF), and for other obligations that coincide with the start of a new fiscal year.

The USPTO maintains its operating reserves within a designated operating range—above minimal levels but generally at or below optimal levels—to enable the service-level performance targets it communicates to IP 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 minimal 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 investments for business and job growth.

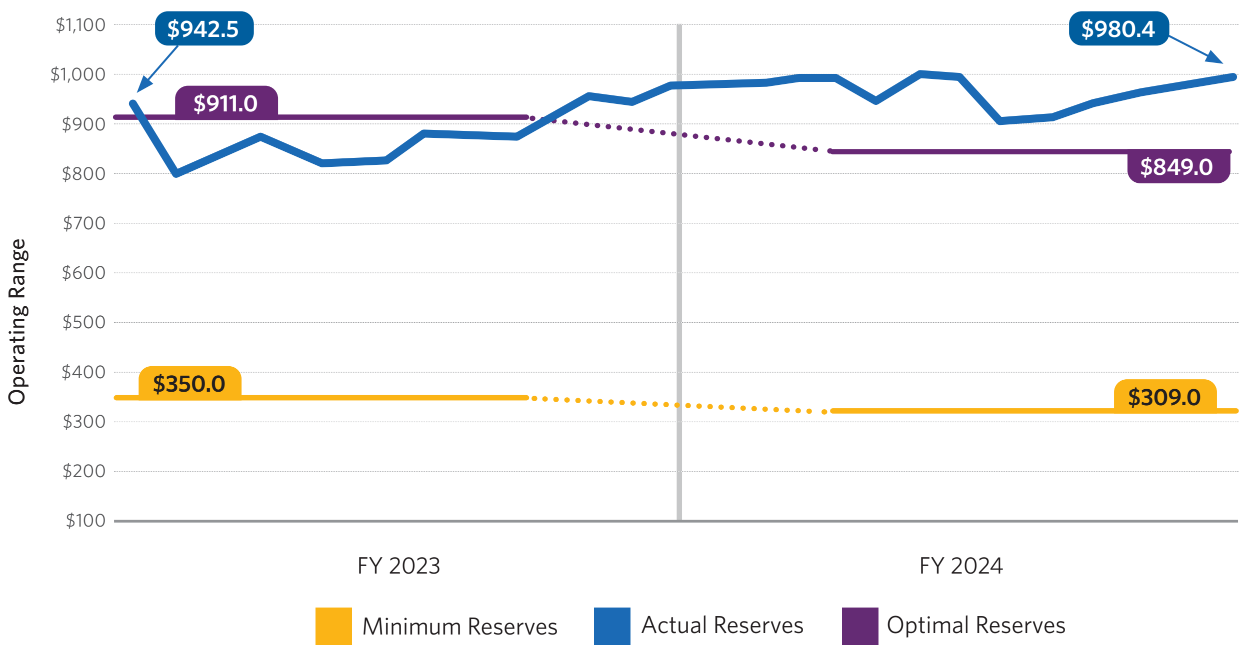
The USPTO recognizes that the operating reserves' mitigative uses may change over time due to economic volatility, variability in filings and revenue collections, external and internal enterprise risk, or operational reasons. Therefore, the USPTO annually assesses risk, including cash flow and any planned use of operating reserve funds, as part of the budget process and in accordance with the USPTO's operating reserve policy. The USPTO uses these annual risk assessments to determine the appropriate range for both operating reserve levels. The last assessment was completed in December 2023, setting the current minimum and optimal sizes for the patent and trademark operating reserves. These have, individually, been defined as the percent of planned budgetary requirements for the given year (e.g., 8.0% and 25.0% are approximately one month and three months of planned budgetary requirements), respectively. As budgetary requirements change annually, the projected operating reserve boundaries are also impacted and adjusted accordingly. Before the most recent assessment, the optimal levels had been defined as a percent of planned budgetary requirements, but the minimum was set at a specific dollar amount.

The USPTO maintained both operating reserve balances above minimum planning levels during the last two fiscal years: $350 million minimum in FY 2023 and $309 million minimum in FY 2024 for Patents, and $120 million minimum in FY 2023 and $135 million minimum in FY 2024 for Trademarks. The agency increased the trademark minimum threshold during FY 2024 to reflect greater economic uncertainty and overall higher spending requirements associated with application growth.

The patent operating reserve rose from $942.5 million (3.2 months of operating expenses) at the end of FY 2023 to $980.4 million (3.2 months of operating expenses) at the end of FY 2024, representing an increase of $37.9 million, or 4.0%. Patents spending was $20.9 million greater than patent fee collections during FY 2024, despite an increase in total collections. This net decrease was offset by a larger increase in other income which accounts for the growth in the patent operating reserve.

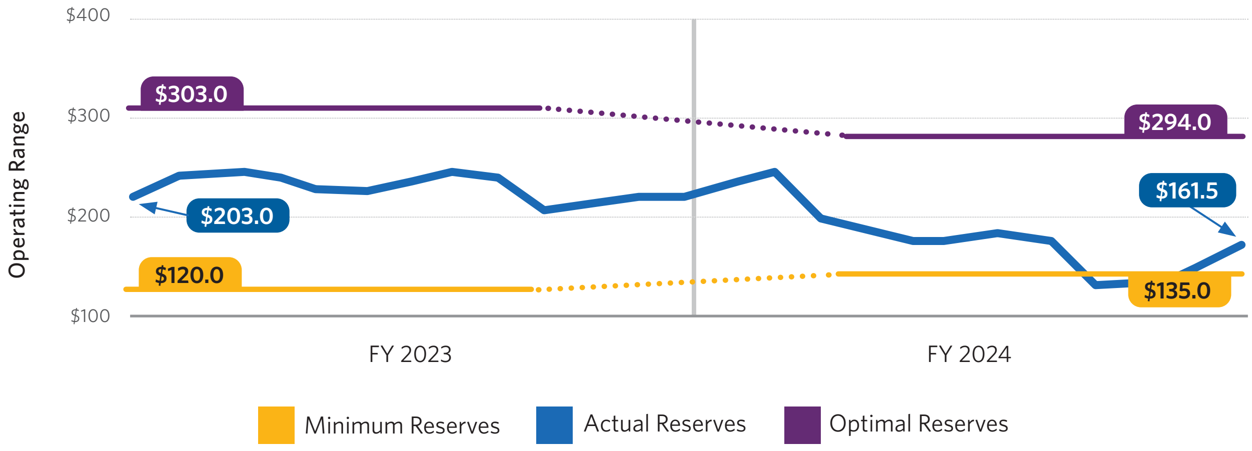
At current fee rates (last updated in October 2020), the USPTO forecasts that over the next several years patent costs will generally continue to outpace annual patent fee collections and result in a decline in the patent operating reserve. The agency primarily attributes this decline to decreased fee collections stemming from an unplanned increase in small and micro entity discounts enacted by the UAIA of 2022, along with four years of inflation pressures and historically higher government-wide pay raises. The USPTO issued a notice of proposed rulemaking in April 2024 to adjust fees and ensure the agency recovers its anticipated aggregate costs for patent operations. The patent operating reserve is mitigating the USPTO's financing risk from these insufficient fee collections while the agency updates the patent fee schedule for implementation in FY 2025.

FIGURE 6: **PATENT OPERATING RESERVE** *(dollars in millions)*



The trademark operating reserve decreased from $203.0 million (5.1 months of operating expenses) at the end of FY 2023 to $161.5 million (2.8 months of operating expenses) at the end of FY 2024, representing a decrease of $41.5 million, or 20.4%. In FY 2024, trademark operating costs exceeded fee collections, resulting in this reduction to the trademark operating reserve. As with the patent program, the USPTO issued a notice of proposed rulemaking in March 2024 to adjust trademark fees and recover its anticipated aggregate costs for trademark operations. The trademark operating reserve is mitigating the USPTO's financing risk while the agency updates the trademark fee schedule for implementation in FY 2025.

FIGURE 7: **TRADEMARK OPERATING RESERVE** *(dollars in millions)*



Patent and Trademark Fee Reserve Fund

All fees the USPTO collects up to its annual appropriation are available for obligation; the agency deposits excess fees above the appropriation amount into the PTFRF. The USPTO's FY 2024 enacted appropriation was $4,195.8 million, and total fee collections were below this amount—hence, the agency did not deposit any fees into the PTFRF during FY 2024. Similarly, the USPTO's FY 2023 enacted appropriation was $4,253.4 million, and total fee collections were less than appropriated with no deposits into the PTFRF.

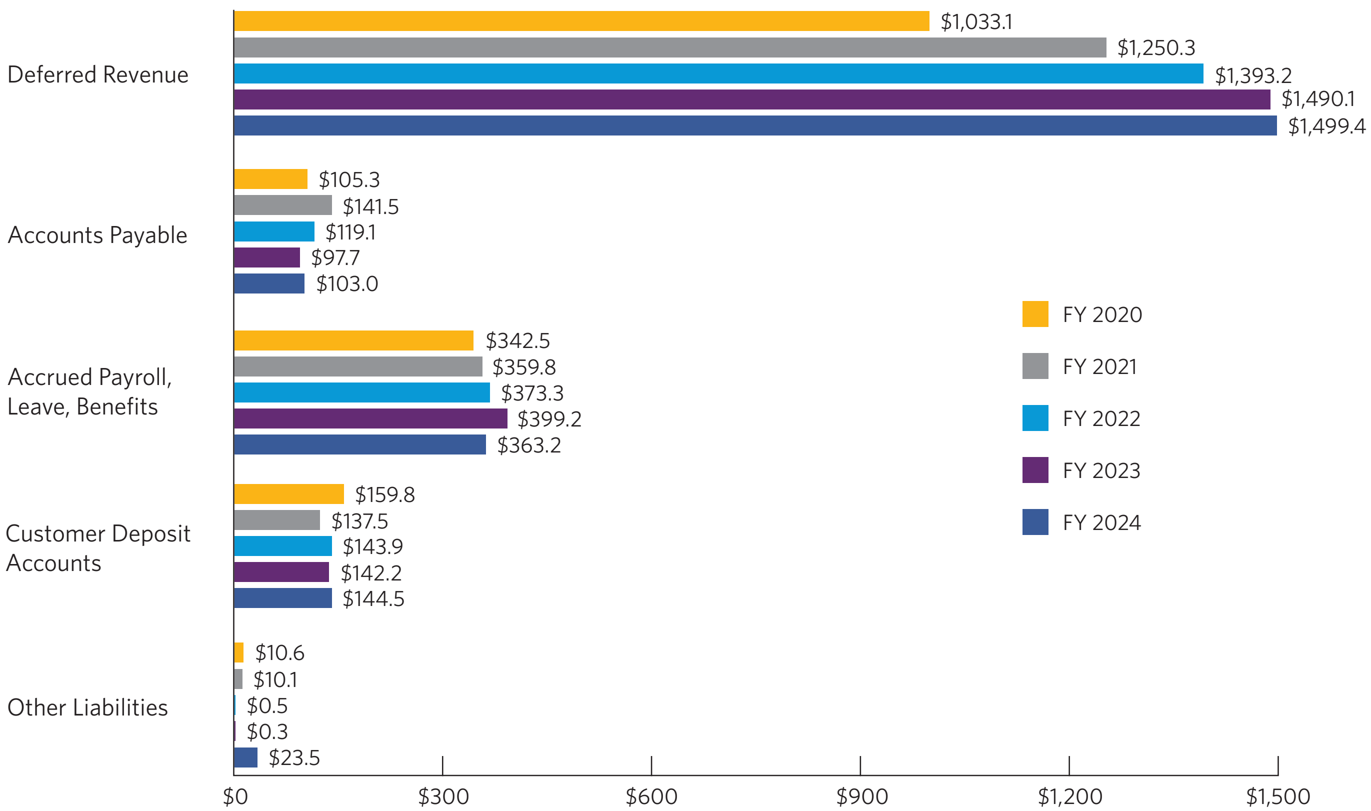
Property, Plant, and Equipment

The USPTO continued investing in IT to acquire the agency's next major asset—property, plant, and equipment (PPE)—during FY 2024. Although the net value of the USPTO's PPE decreased by $0.7 million over the last four years due to depreciation, amortization, and system retirement, its acquisition values increased by $274.1 million during the same time frame. The USPTO is modernizing its IT products by employing cloud-based solutions that offer improved reliability, stronger cybersecurity protection, and an enhanced user experience. These continued investments led to increases in software and software-in-development acquisition values, accounting for an aggregate $305.0 million rise between FY 2020 and FY 2024. The agency's recent IT modernization efforts included system and software development activities in support of the Patents, Trademarks, Enterprise Business, and Enterprise Infrastructure product lines. As the USPTO retires its legacy systems, these software and software-in-development acquisition values are projected to decrease.

Liabilities

The agency's total liabilities increased from $2,129.5 million at the end of FY 2023 to $2,133.6 million at the end of FY 2024, representing an increase of $4.1 million, or 0.2%. Figure 8 shows the composition of liabilities during the last five fiscal years.

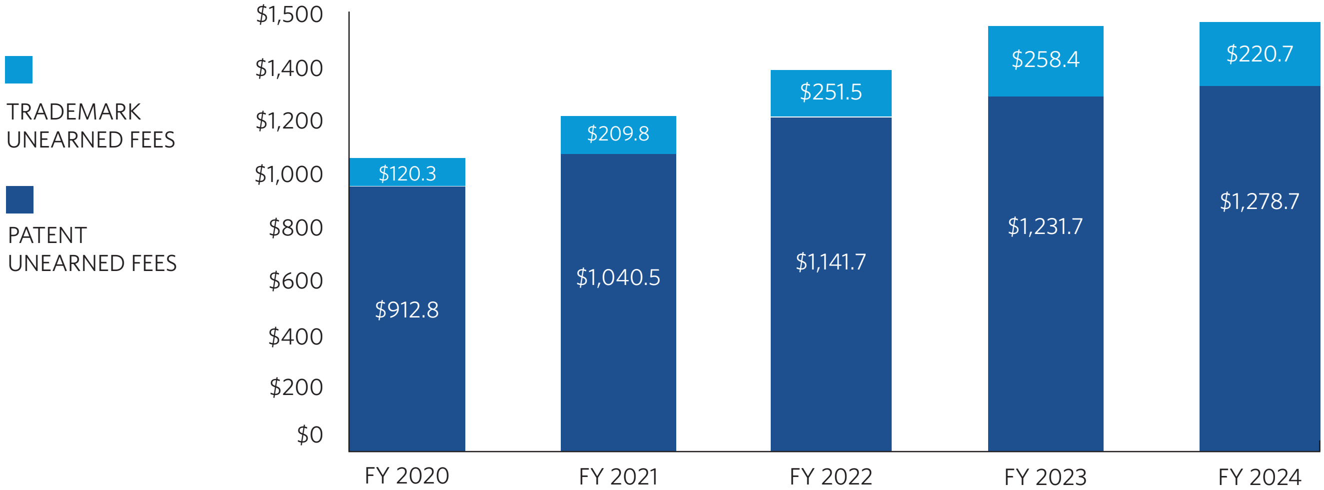
FIGURE 8: **COMPOSITION OF LIABILITIES** *(dollars in millions)*



Deferred Revenue

The USPTO's deferred revenue (i.e., fees collected for services not yet provided) is the largest liability on the Balance Sheet. 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. During FY 2024, the USPTO saw an increase of $9.3 million, or 0.6%, in deferred revenue liability from FY 2023. This figure includes unearned patent and trademark fees; 85.3% of this liability is unearned patent fees. Figure 9 depicts the composition of agency deferred revenue liability during each of the last five fiscal years.

FIGURE 9: **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.

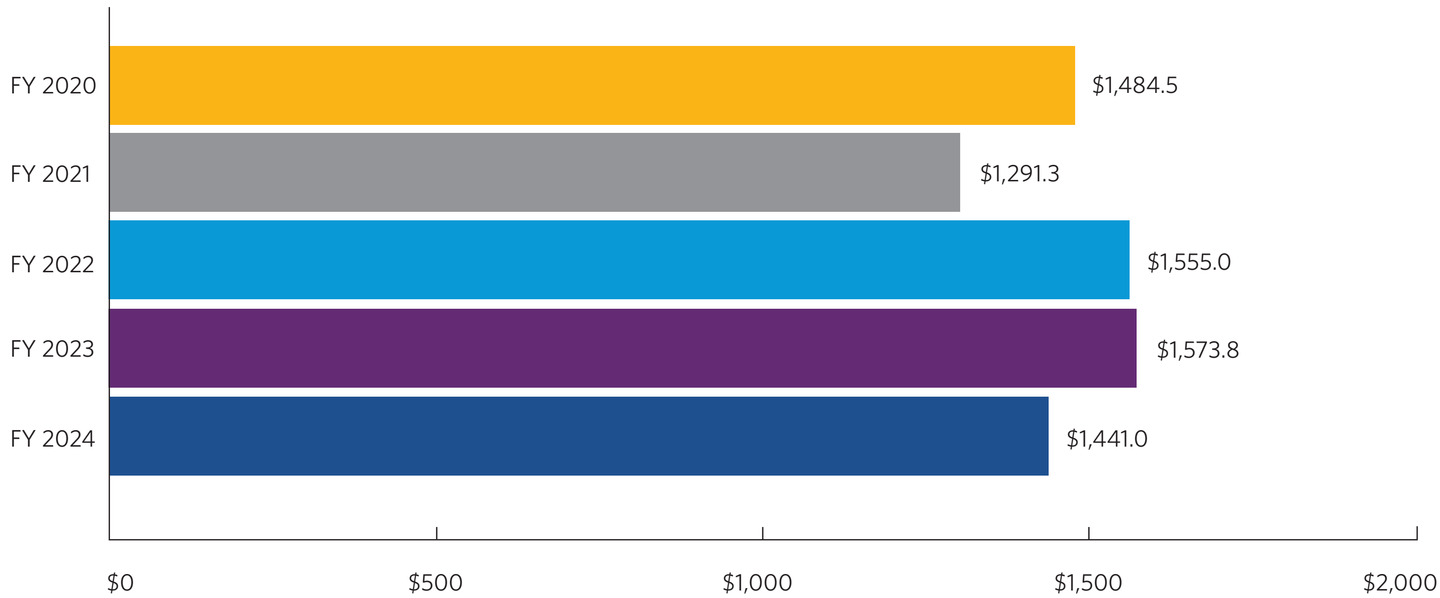
During FY 2024, a 0.6 month decrease in time before a first action on a patent application (from 20.5 months to 19.9 months), combined with a 6.3% increase in unexamined patent application inventory, resulted in a 3.8% increase in unearned patent fees (see page 26 for information on patent program pendency). Based on recent USPTO estimates that incorporate future demand, the agency anticipates that serialized patent application filings will increase 1.5% in FY 2025 and 1.0% each year between FY 2026 and FY 2029, while unexamined patent application inventory will increase to 817,900 by the end of FY 2025. This increase in unexamined inventory will result in an increase in patent deferred revenue.

Trademark deferred revenue decreased by $37.7 million, or 14.6%, from FY 2023 to FY 2024. The USPTO experienced a 74.4% rise in deferred revenue between FY 2020 and FY 2021, driven by significantly higher levels of trademark application demand. The USPTO experienced an unprecedented surge in trademark application filings beginning in late FY 2020, resulting in a 9.6% growth rate from FY 2019—growth that increased nearly threefold to 27.9% in FY 2021. For context, the 10 years prior to FY 2020 saw an average annual 7.2% growth rate in trademark application filings. During FY 2022, these filings returned to their historical growth trends.

The USPTO implemented a pendency improvement plan during FY2023 that has significantly reduced unexamined inventory and improved first action pendency since. The FY 2024 decrease in trademark deferred revenue resulted from subsequent large reductions in unexamined inventory and improved processing times in the trademark application review cycle. During FY 2024, first action pendency decreased 1.0 month (from 8.5 months to 7.5 months), and unexamined trademark inventory decreased by 17.1% (from 526,160 applications to 436,073 applications, see page 30 for information on trademark program pendency). 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 81) 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. Changes during the last five fiscal years are depicted in figure 10.

FIGURE 10: **NET POSITION** *(dollars in millions)*



Statement of Net Cost

The Statement of Net Cost (see page 80) presents the USPTO's results of operations according to the patent and trademark programs. This presentation, delineated by the two primary responsibility segments of granting patents and registering trademarks, allows for clear alignment of the USPTO's budget plans and results of operations.

Table 1 presents the USPTO's total results of operations for the last five fiscal years. During FY 2024, the agency generated a net cost of $299.0 million due to increased personnel services and benefit costs greater than the increase in earned revenue.

TABLE 1: **NET (COST)/INCOME** *(dollars in millions)*

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Earned Revenue	$ 3,657.1	$ 3,384.4	$ 3,946.6	$ 3,944.7	$ 4,119.6
Program Cost	(3,623.0)	(3,627.4)	(3,732.3)	(4,038.7)	(4,418.6)
Net (Cost)/Income	$ 34.1	$ (243.0)	$ 214.3	$ (94.0)	$ (299.0)

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 income 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 income 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 2024 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.

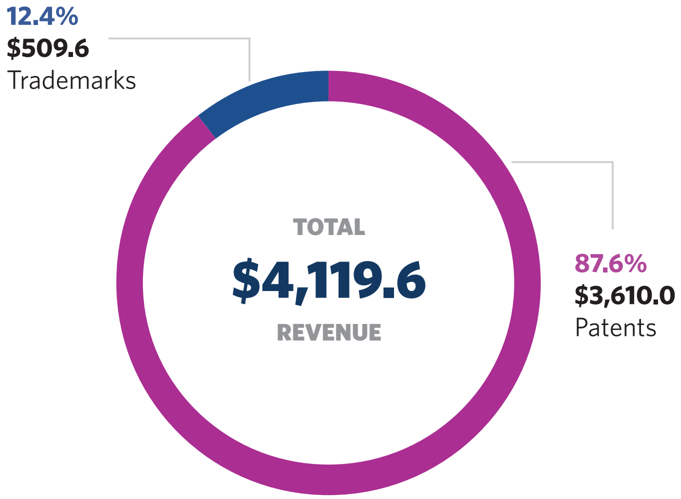
Figure 11 shows USPTO funding sources and how the agency uses each to deliver its mission and goals, thereby recognizing earned revenue.

FIGURE 11: **USPTO FUNDING SOURCES**

Two Primary SOURCES OF FUNDING	**PATENT USER FEES**	**TRADEMARK USER FEES**
Are appropriated as this FUNDING TYPE	**SALARIES AND EXPENSES**	
To support USPTO PROGRAMS	**Patent Program**	**Trademark Program**
Which support these STRATEGIC GOALS		
Goal 1: Drive inclusive U.S. innovation and global competitiveness	✓	✓
Goal 2: Promote the efficient delivery of reliable IP rights	✓	✓
Goal 3: Promote the protection of IP against new and persistent threats	✓	✓
Goal 4: Bring innovation to impact for the public good	✓	✓
Goal 5: Generate impactful employee and customer experiences by maximizing agency operations	✓	✓

During FY 2024, the USPTO's earned revenue totaled $4,119.6 million—an increase of $174.9 million, or 4.4%, from FY 2023's earned revenue of $3,944.7 million. Of FY 2024's earned revenue, $861.1 million derived from fees collected in a prior fiscal year with associated work performed during FY 2024; $1,995.3 million comprised maintenance and renewal fees collected during FY 2024 (earned immediately at the time of receipt); $1,260.3 million from fees collected and work performed during FY 2024; and $2.9 million from other reimbursable amounts.

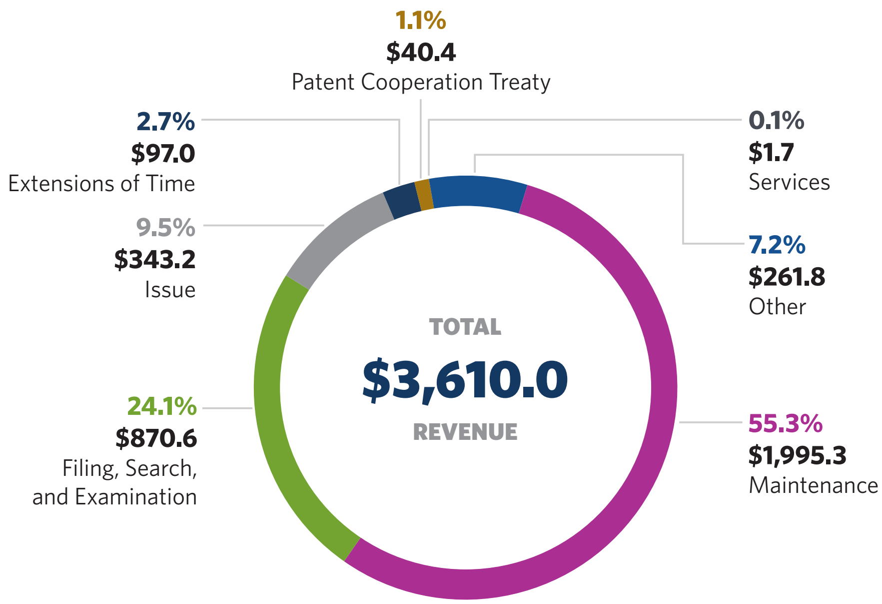
FIGURE 12: **FY 2024 EARNED REVENUE** *(dollars in millions)*



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 88.9% of total patent income. Figure 13 depicts shares of patent revenue by the most significant patent fee types.

FIGURE 13: **FY 2024 PATENT EARNED REVENUE BY FEE TYPE** *(dollars in millions)*



Overall, patent earned revenue increased $115.0 million, or 3.3%, from FY 2023 to FY 2024. Earned revenue for patent issue fees increased from $342.3 million in FY 2023 to $343.2 million in FY 2024, an increase of 0.3%. Earned revenue for patent petition fees decreased from $43.5 million to $38.9 million, a decrease of 10.6%. Earned revenue for patent application filings increased from $818.5 million in FY 2023 to $870.6 million in FY 2024, an increase of 6.4%.

Patent maintenance fees are the USPTO's largest source of earned revenue by fee type. During FY 2024, the agency's maintenance fee collections increased $77.0 million, or 4.0%, from FY 2023. 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. 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 2 depicts renewal rates for all three stages of maintenance fees based on the fiscal year of issue.

TABLE 2: **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	221,366	85.6%	65.0%	42.6%
2012	246,464	85.4%	64.7%	42.0%
2013	265,979	85.8%	64.2%	
2014	303,930	86.4%	65.4%	
2015	295,459	86.3%	66.5%	
2016	304,566	86.3%	66.1%	
2017	315,367	85.8%		
2018	306,912	86.6%		
2019	336,841	87.3%		
2020	360,772	86.9%		

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, 86.9% of patents issued in 2020 paid the first stage maintenance fee. Past years' data may be revised from prior year reports.

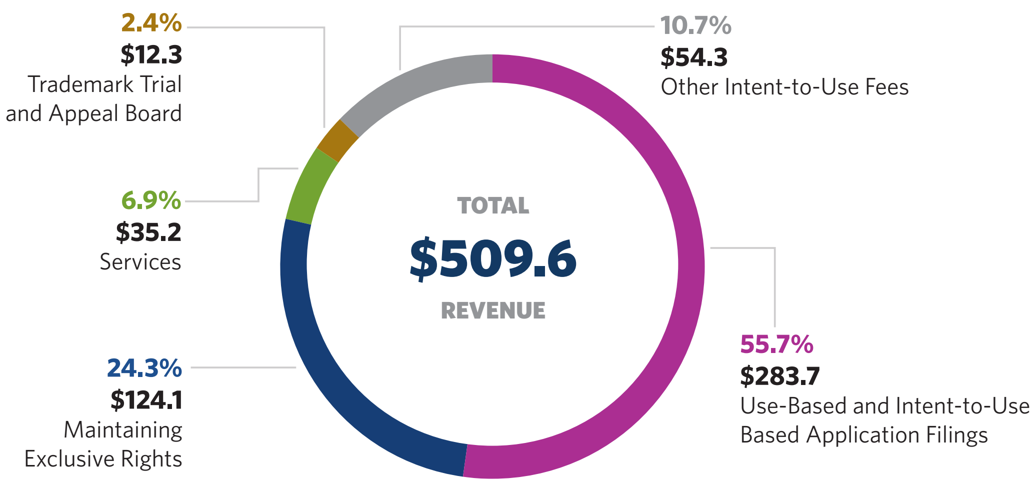
The USPTO's fee structure is designed to keep initial filing fees below the full cost of performing the agency's examination work to maintain lower barriers to entry for IP protection. Maintenance fee payments recover the remaining aggregate examination costs of performing the work, thereby providing 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). As a result, the USPTO closely monitors payment behaviors and renewal trends (both renewal rates and payment timing) to forecast maintenance fee revenue. At the end of FY 2024, the first stage patent renewal rate was 0.4% below FY 2023; second stage renewals were 0.4% below FY 2023; and third stage renewals were 0.6% below FY 2023. These figures will change slightly as the agency receives additional payments via petitions. 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.

The USPTO's application fee revenue earned upon filing increased slightly from $101.8 million in FY 2023 to $102.9 million in FY 2024 (increase of 1.1%), in line with serialized (new) application filings increasing from 462,242 to 466,079 over the same period (increase of 0.8%). At the same time and in line with the agency's proactive steps to reduce the need for requests for continued examination (RCEs), RCE filings remained relatively flat, only increasing slightly from 134,140 to 134,529 (increase of 0.3%) during this same period. These relatively small changes resulted in a comparably small change in earned revenue. Recent USPTO estimates indicate that serialized patent application filings will steadily increase at similar rates in the outyears, contributing to 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 TTAB. The USPTO fee schedule also includes fees for intent-to-use filings, as these applications introduce additional requirements for registration. Figure 14 depicts the most significant trademark fee types.

FIGURE 14: **FY 2024 TRADEMARK EARNED REVENUE BY FEE TYPE** *(dollars in millions)*



Overall, trademark earned revenue increased $59.9 million, or 13.3%, from FY 2023 to FY 2024. Earned revenue for trademark application filings rose from $234.0 million in FY 2023 to $283.7 million in FY 2024, an increase of 21.2%. This increase in earned revenue occurred due to an over 90,000 unit reduction in unexamined inventory.

During FY 2024, deferred revenue decreased by 14.6%, compared to the 2.7% increase in FY 2023. Although total application filings decreased, the agency earned more revenue due to significant trademark examination efficiency gains. A 0.3% rise in earned revenue to maintain exclusive rights was also a driver of this growth: $124.1 million in FY 2024, up from $123.8 million in FY 2023. Total trademarks registered by the agency also increased by 9.5%, from 414,043 to 453,454 over the same period.

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, a trend that emerged prior to the COVID-19 pandemic. Table 3 shows how trademark renewal rates declined over the last several fiscal years but rebounded slightly in FY 2024.

TABLE 3: **TRADEMARK RENEWAL RATES**

Trademark Renewal* Rates	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024[3]
Renewal Rates	26.3%	22.8%	19.2%	20.3%	23.7%

* *Note: Renewals occur every 10th year for registered trademarks. For example, in FY 2024, 23.7% of the trademarks registered 10 years ago were renewed by their owners.*

Program Costs

The USPTO's program costs consist of both direct operational costs and overall support costs allocated to the patent and trademark programs. In setting its annual spending plans, the agency maximizes resources directed to its mission areas. For FY 2024, costs directly attributable to the patent and trademark programs represented 79.3% of total USPTO costs; support costs comprised the remainder and were allocated from the executing business areas to the patent and trademark programs using activity-based cost accounting.

Program costs totaled $4,418.6 million for FY 2024, an increase of $379.9 million, or 9.4%, over FY 2023 program costs of $4,038.7 million. Personnel services and benefits comprise the approximately 71.0% of the USPTO's total program costs, by far the most significant of all cost categories. Major changes or fluctuations in staffing or pay directly impact overall program costs from year to year. Total direct and allocated personnel services and benefits costs for FY 2024 were $3,138.1 million, an increase of $329.9 million, or 11.7%, over FY 2023's $2,808.2 million. This change primarily reflects an increase in payroll compensation and benefits costs resulting from salary increases (e.g., congressionally mandated pay raises), as well as growth in onboard

[3] Preliminary data.

personnel (from 13,452 at the end of FY 2023 to 14,082 at the end of FY 2024). Figures 15 and 16 depict the USPTO's FY 2024 program costs.

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

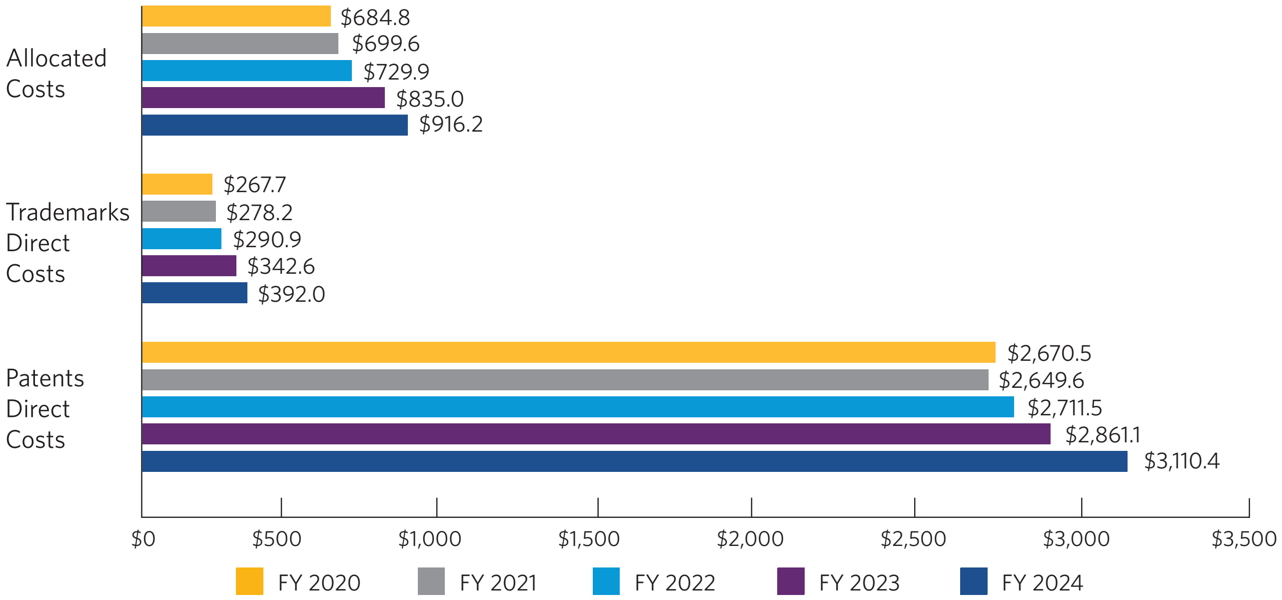
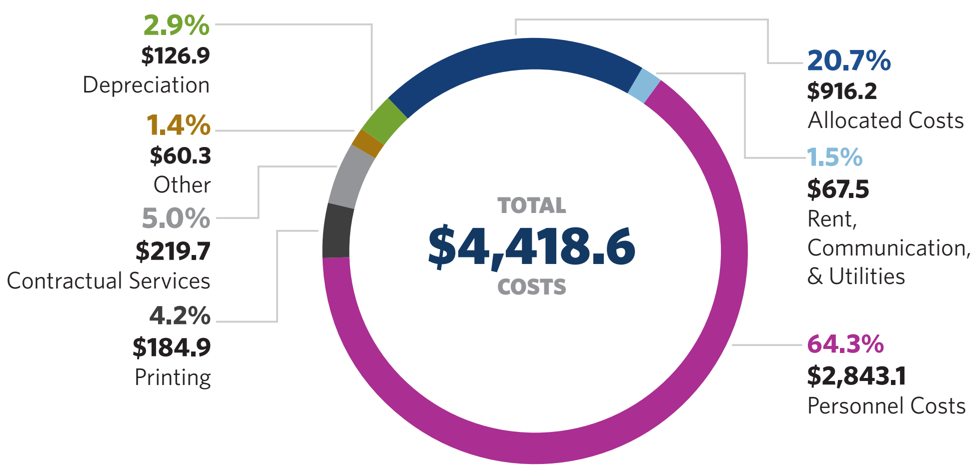


FIGURE 16: **FY 2024 USPTO PROGRAM COSTS*** *(dollars in millions)*



**All costs except those designated as allocated are direct costs. Allocated costs include the same types of costs as those that are direct; however, they also include mission-enabling costs.*

Patents

Total costs for the patent program increased $608.9 million, or 18.8%, from FY 2020 through FY 2024. The Patents organization's most significant direct program costs were personnel services, which accounted for 81.0% of the increase in total direct operational costs during the last four fiscal years. The USPTO's success depends on a workforce of highly educated, highly desired, professional and scientific employees, all of whom are in high demand from the private industry. The agency faces challenges in recruitment, retention, and expansion of its examination staff, with higher employee attrition in recent years resulting in greater recruitment costs and diminished productivity. 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.

Patent personnel costs for FY 2024 were $2,538.5 million, an increase of $246.8 million, or 10.8%, over FY 2023's personnel costs of $2,291.6 million. This change primarily reflects an increase in payroll compensation and benefits costs resulting from salary increases, including revisions to the patent special rate table (see page 39), as well as a net increase of 471 personnel (from 10,446 at the end of FY 2023 to 10,917 at the end of FY 2024). Costs allocated to Patents were $742.0 million, an increase of $60.3 million, or 8.8%, over FY 2023's allocated costs of $681.7 million. This change is primarily reflective of allocated personnel 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 are based on direct and indirect costs allocated to patent operations.

Figures 17 and 18 depict FY 2024 patent costs.

High school seniors collaborated with the USPTO's GIPA and experts throughout the agency in the USPTO IP Skills Work-Based Learning Program.

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

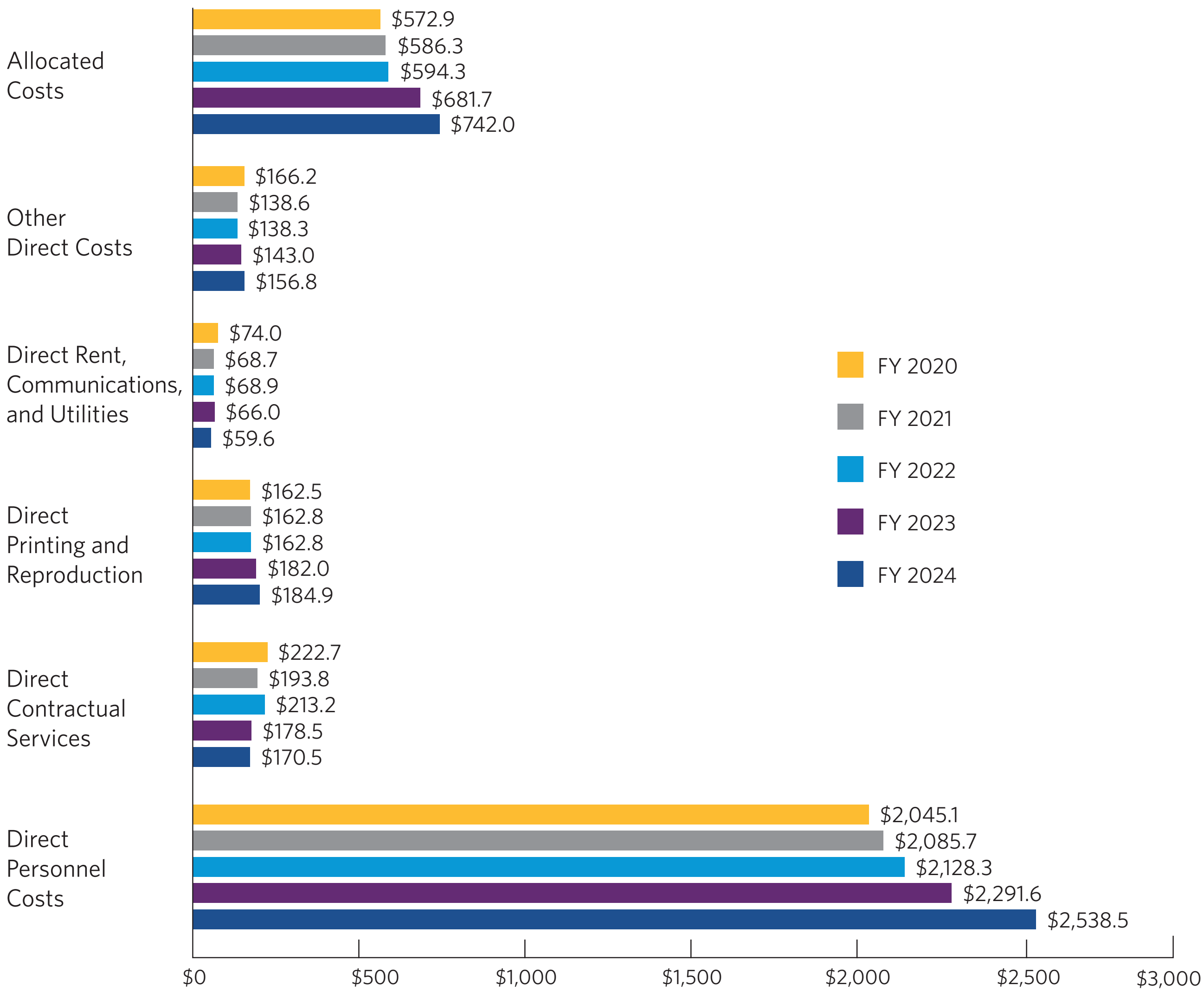
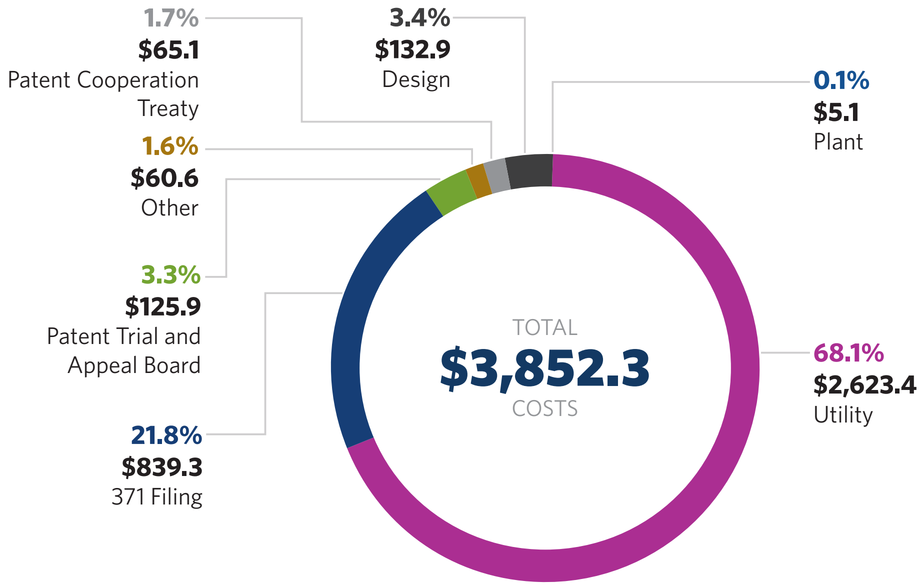


FIGURE 18: **FY 2024 PATENT COSTS BY PRODUCT** *(dollars in millions)*



Trademarks

Total costs for the trademark program increased $186.7 million, or 49.2%, from FY 2020 through FY 2024. The Trademarks organization's most significant direct program costs were personnel services, which accounted for 53.8% of the increase in total direct operational costs during the last four fiscal years. Trademarks personnel costs for FY 2024 were $304.7 million, an increase of $42.5 million, or 16.2%, over FY 2023's personnel costs of $262.2 million. This change primarily reflects an increase in payroll compensation and benefits costs resulting from salary increases, as well as a net increase of 47 personnel (from 1,135 at the end of FY 2023 to 1,182 at the end of FY 2024). Costs allocated to Trademarks were $174.3 million, an increase of $21.0 million, or 13.7%, over FY 2023's allocated costs of $153.3 million. This increase in allocated costs primarily relates to IT cost increases, including those for TRAM retirement. The agency based these cost percentages on direct and indirect costs allocated to trademark operations. Figures 19 and 20 depict FY 2024 trademark costs.

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

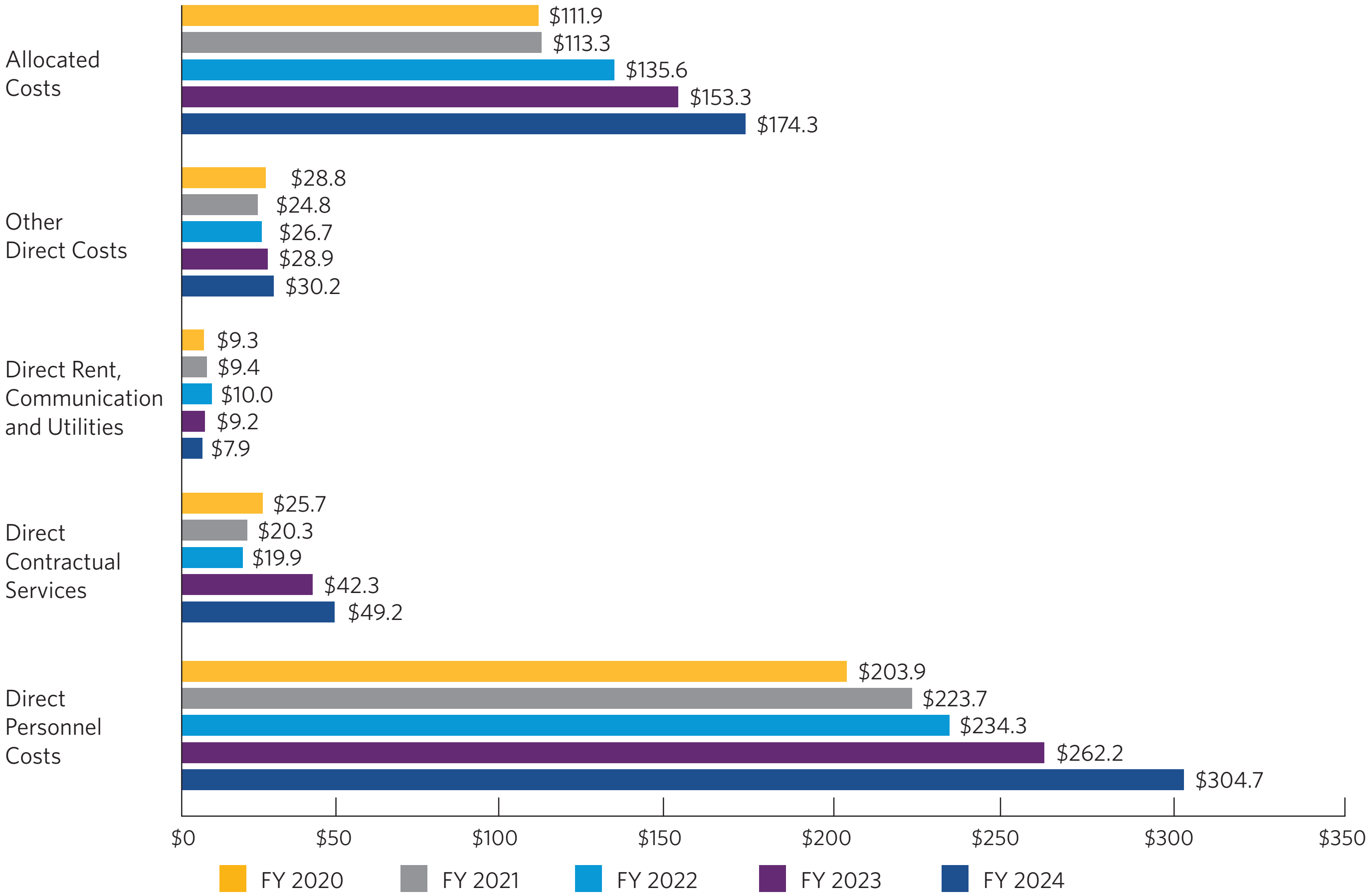
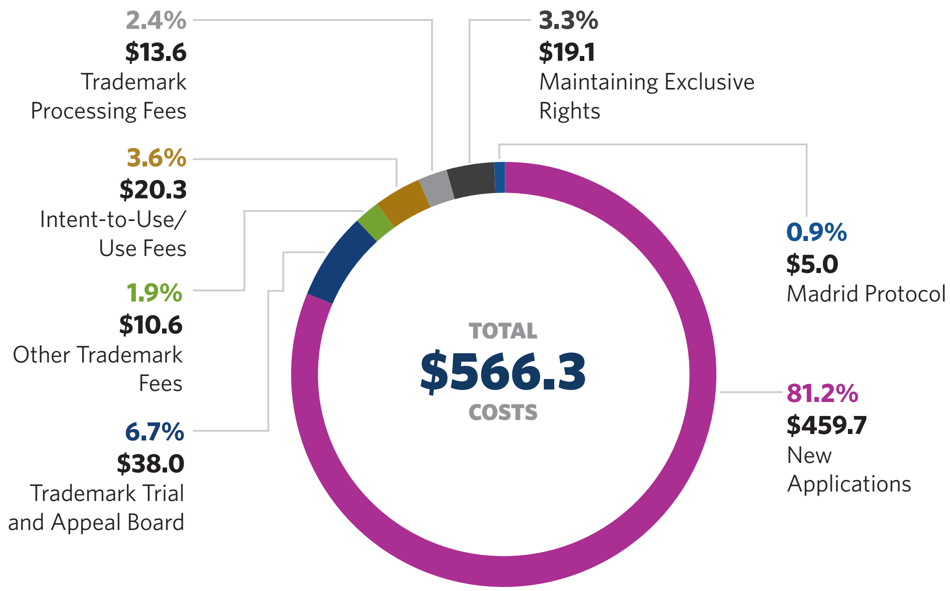


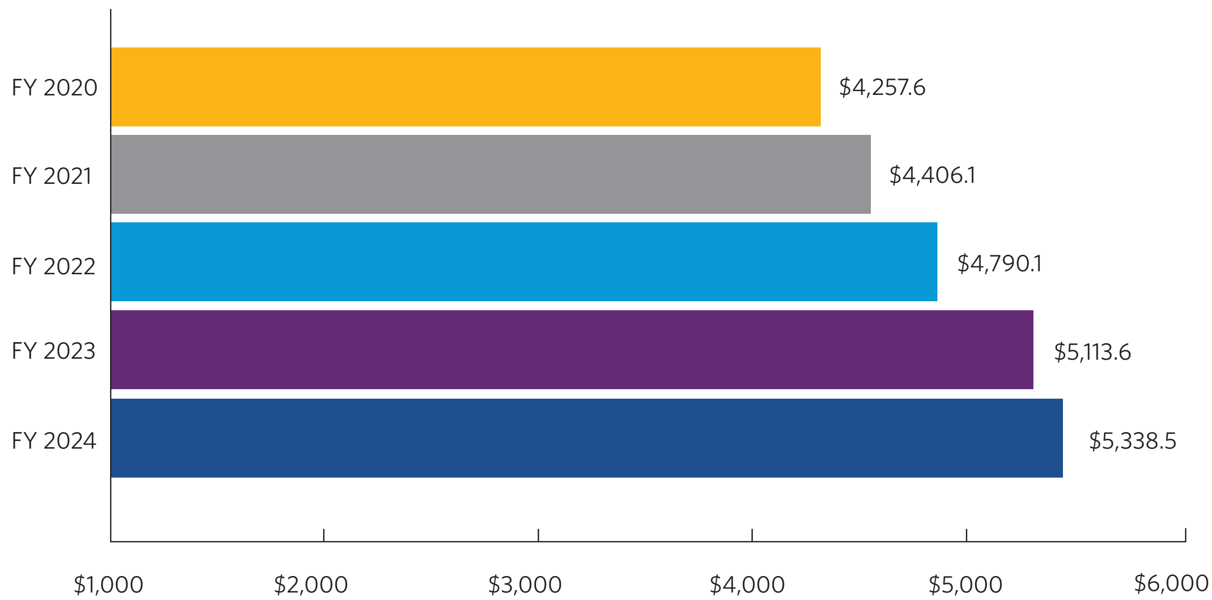
FIGURE 20: **FY 2024 TRADEMARK COSTS BY PRODUCT** *(dollars in millions)*



Statement of Budgetary Resources

During FY 2024, the USPTO's total budgetary resources available for spending were 4.4% greater than FY 2023, with a 25.4% increase over the last four fiscal years. Total budgetary resources available in any given year are directly related to demand for the USPTO's services (as manifested in application filings and IP rights renewals) and the agency's operating reserves, including deposits to the PTFRF. The increase in budgetary resources from fee collections of $88.4 million during FY 2024 correlates to an increase in demand. The total budgetary resources shown in figure 21 depict the USPTO's growth in operating reserves and collections since FY 2020.

FIGURE 21: **ANNUAL GROWTH IN AVAILABLE BUDGETARY RESOURCES** *(dollars in millions)*



The USPTO's congressional appropriation for FY 2024 was $4,195.8 million in anticipated fee collections. Actual FY 2024 collections amounted to $4,128.6 million, falling short of the appropriation (see figure 22). When fee collections are less than the agency's appropriated level, its appropriation is reduced to match actual fee collections as an offsetting collections appropriation. The agency's spending (budget) authority is currently higher than fee collections due to the operating reserve. When spending exceeds fee collections the net result is a decrease in operating reserve levels, as the spending in excess of fee collections is funded by the reserves.

Prior to 2012—when the USPTO lacked appropriation authority to spend all collected fees—excess fee collections were classified as temporarily unavailable. These excess fee collections remain unavailable but accounted for in the USPTO's account with Treasury (see note 2, page 90). The AIA established a statutory provision that requires the USPTO to deposit in the PTFRF fees collected in excess of a given fiscal year's appropriation. The agency made deposits of $23.5 million in patent fee collections and $8.2 million in trademark fee collections to the PTFRF at the end of FY 2022. The FY 2022 appropriation provided the USPTO authorization to spend these fees without further appropriation, subject to congressional reprogramming requirements. The USPTO completed a reprogramming notification with congressional appropriators on March 20, 2023, and transferred these funds into the agency's regular spending account (depicted in figures 22 and 23).

The USPTO frequently reviews and analyzes operational and global economic data 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, and the agency began a biennial fee review during FY 2021 and FY 2022. The USPTO projected that its aggregate operational costs will increase as personnel costs rise, the agency hires additional personnel to increase examination capacity, and normal inflation occurs.

This data informed the agency's determination that certain adjustments to the patent and trademark fee schedules are necessary. The USPTO presented fee proposals to the public at fee setting hearings conducted by the Patent and Trademark Public Advisory Committees on May 18, 2023, and June 5, 2023, respectively, and the agency issued notices of proposed rulemaking in March 2024 (Trademarks) and April 2024 (Patents). The USPTO is drafting final rules after considering public comments and expects the final patent and trademark fee schedules to become effective during FY 2025.

Figures 22 and 23 depict the USPTO's available budgetary resources during FY 2024 and their use in total obligations and the operating reserves, as reflected in the Statement of Budgetary Resources.

FIGURE 22: **FY 2024 SOURCES OF FUNDS** *(dollars in millions)*

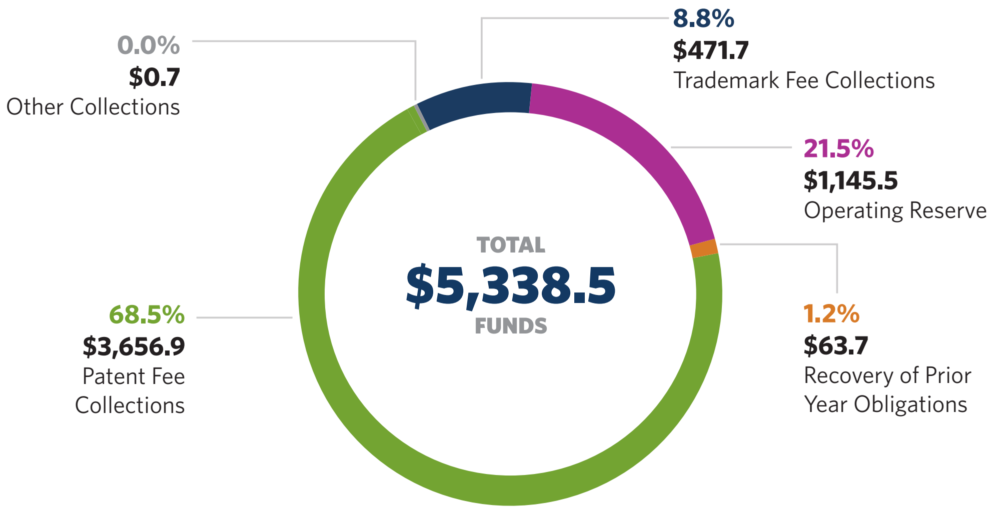


FIGURE 23: **FY 2024 USES OF FUNDS** *(dollars in millions)*

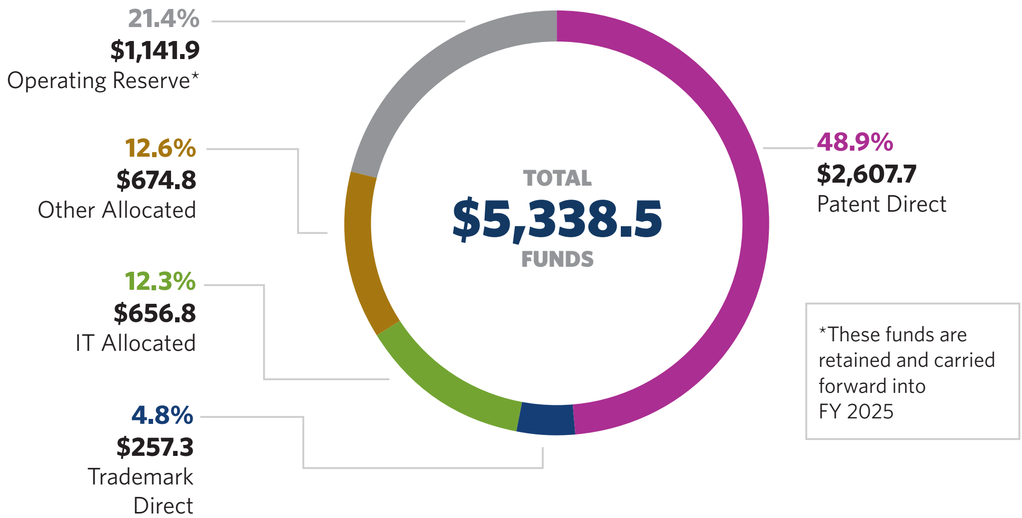


Table 4 illustrates the USPTO's congressional appropriations of fee collections over the last five fiscal years, as well as cumulative unavailable fee collections.

TABLE 4: **TEMPORARILY UNAVAILABLE FEE COLLECTIONS** *(dollars in millions)*

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Fiscal Year Fee Collections	$ 3,682.6	$ 3,625.0	$ 4,090.0	$ 4,040.2	$ 4,128.6
Fiscal Year Collections Appropriated	(3,682.6)	(3,625.0)	(4,090.0)	(4,040.2)	(4,128.6)
Fiscal Year Unavailable Collections	$ -	$ -	$ -	$ -	$ -
Prior Year Unavailable Collections	937.8	937.8	937.8	937.8	937.8
Subtotal	$ 937.8	$ 937.8	$ 937.8	$ 937.8	$ 937.8
Special Fund Unavailable Receipts	233.5	233.5	233.5	233.5	233.5
Cumulative Temporarily Unavailable Fee Collections	$ 1,171.3	$ 1,171.3	$ 1,171.3	$ 1,171.3	$ 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 2024 (shown in table 4 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 90).

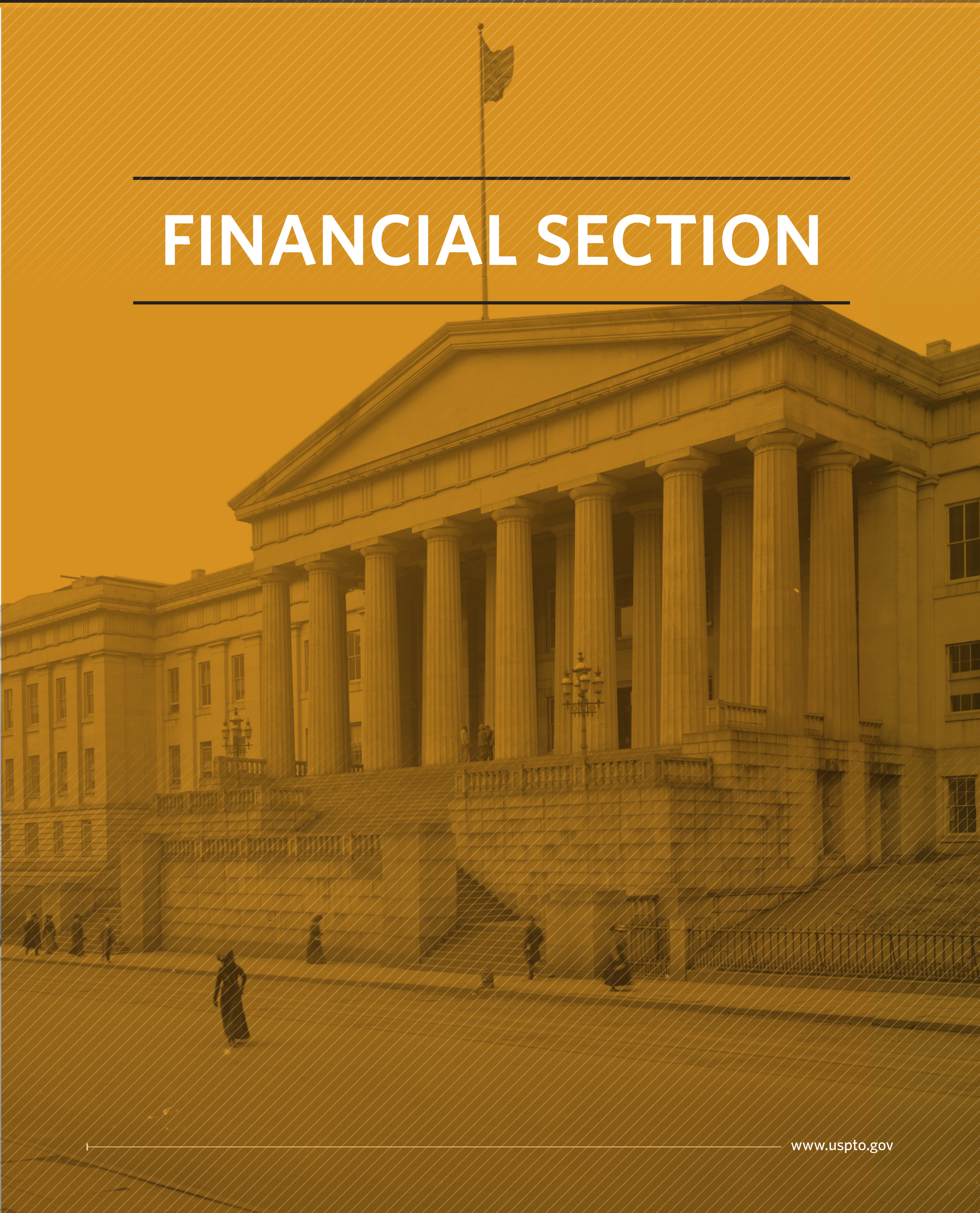
Limitation on Financial Statements

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.

FINANCIAL SECTION



FINANCIAL SECTION

Message from the Chief Financial Officer

I am honored to deliver the USPTO's FY 2024 AFR. This annual document allows us to showcase our incredible team—both within the OCFO and the agency as a whole—built upon a foundation of connectedness and wellness that fosters the outstanding work found within these pages. These dedicated professionals come together from across the country to master and surpass every standard of excellence in all they do, and it is with great pride that I share their achievements in delivering on the USPTO mission.

Jay Hoffman, Chief Financial Officer

Overall, the USPTO remained financially sound throughout FY 2024. As in years past, we monitored global demand signals, evaluated economic conditions, and enhanced fee and spending projections based on a wealth of transactional data from business operations, analyzed using refined statistical models and data visualizations. Demand for both patent and trademark services slightly exceeded our forecast projections, and our operating reserves remained above minimum levels and within prescribed operating ranges throughout the year. In addition, we prepared to fully realize $38.1 million in annual savings from the divestment of 1 million square feet of office space since FY 2021, a process that culminated in the release of more than 840,000 square feet in August 2024. We also finalized rulemakings for new patent and trademark fee schedules, planned for publication in FY 2025. The new schedules will adjust most fee rates for the first time since 2020 and help ensure our fee collections offset our aggregate operating costs.

Pendency—the time between an initial patent or trademark application and final decision—was a critical agency priority during FY 2024. While Patents fee collections exceeded spending overall, Trademarks spending outpaced fee collections due to increased business costs and pendency improvement efforts. We offset these shortfalls, which we anticipated, by using balances in the operating reserves. We also developed and prioritized actionable solutions to reduce the inventory of unexamined applications in both Patents and Trademarks. Working collaboratively across functional areas, we identified the root causes of impediments to pendency gains, including operational and performance risks in multiyear production models, incentive structures, and examiner recruiting and retention, and drafted a trademark pendency improvement plan. This plan incorporated key processes and data-driven insights to add capacity, incentivize examination, and streamline some work processes, resulting in a measurable reduction of 90,087 units in unexamined trademark inventory. Building on these best practices, we addressed operational capacity gaps, identified through data analysis and program evaluation, within Patents. These efforts are setting the stage for aggressive performance outcomes aimed at right-sizing the patent examination corps to improve pendency performance, reduce unexamined application inventory, and better keep pace with future filing levels.

The USPTO also prioritized efforts to combat fraud during FY 2024. Buoyed by lessons learned from established data practices governing payments, transaction reporting, travel actions, and government purchase cards (among other activities), we developed a prototype fraud scorecard to provide additional insights into our financial and procurement processes. This scorecard, informed by the results of an internal fraud risk assessment, will help the agency identify anomalies and potentially fraudulent activities while strengthening our internal controls and payment accuracy.

With contracts comprising the second-largest share of the USPTO's budget after compensation, procurement plays a critical role in our financial management. Timely acquisitions are paramount to the agency's success, and our contracting professionals are committed to exceptional customer experience managed through procurement action lead time (PALT). Depending on the complexity of a given contract, PALT can range from a few days to several months from the initial acquisition request to contract award. We completed a thorough review and analysis of historical procurement data during FY 2024, resulting in "PALT 2.0"—a set of revised targets marking the agency's first PALT update since 2017. Consolidating 40 separate PALT categories

Community Day at the USPTO. (Photo by Jay Premack/USPTO) to just 17, PALT 2.0 increases dollar thresholds and reduces expected contract award times nearly across the board.

The USPTO's suite of financial systems provides a critical interface with our stakeholders and enables the actualization of our annual fee collections. As part of our strategy to migrate to the cloud and pursue software as a service as the preferred paradigm, we became the first federal agency to award a contract for financial systems and services through the Department of the Treasury's Financial Management QSMO Marketplace. This new contract is evolving our core financial systems to a software as a service delivery model via the cloud while assuring baseline standards, requirements, and capabilities from the QSMO-approved vendor.

The common thread between these accomplishments is data-driven decision-making. I am pleased to share that starting in FY 2025, the OCFO will include a new organization, the Office of the Chief Data Officer (OCDO). Three years ago, the OCFO was a key partner in establishing DaaEA, a USPTO initiative focused on maturing the agency's data practices through data literacy, sharing, cataloging, governance, and evidence-based decision-making. Today, DaaEA is a true team effort with collaboration across our business units, and the OCDO will build on these successes as a permanent organization within the agency.

The USPTO was satisfied to receive an unmodified opinion on the FY 2024 financial statements—our 32nd consecutive unmodified opinion. Our accomplishments in FY 2024 are a result of the efforts of dedicated, hard-working professionals across the USPTO in support of our nation's innovators and entrepreneurs. I appreciate the continued support of the entire agency, with special thanks to the DOC OIG and its KPMG audit partner, as we continue to work together to sustain financial management excellence.

Jay Hoffman
Chief Financial Officer
November 8, 2024

Principal Financial Statements

UNITED STATES PATENT AND TRADEMARK OFFICE

BALANCE SHEETS

As of September 30, 2024 and 2023

(Dollars in Thousands)	2024	2023
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 3,187,925	$ 3,297,419
Accounts Receivable, Net (Note 3)	1,061	576
Advances and Prepayments (Note 6)	6,169	5,618
Total Intragovernmental	3,195,155	3,303,613
With the Public:		
Cash and Other Monetary Assets (Note 4)	11,252	9,751
Accounts Receivable, Net (Note 3)	390	280
General Property, Plant, and Equipment, Net (Note 5)	337,318	361,196
Advances and Prepayments (Note 6)	30,524	28,427
Total with the Public	379,484	399,654
Total Assets (Note 7)	$ 3,574,639	$ 3,703,267
LIABILITIES		
Intragovernmental:		
Accounts Payable	$ 11,532	$ 9,692
Other Liabilities:		
Benefit Program Contributions Payable (Note 10)	17,277	36,401
Customer Deposit Accounts (Note 7)	11,344	10,978
Total Intragovernmental	40,153	57,071
With the Public:		
Accounts Payable	91,431	87,973
Federal Employee Salary, Leave, and Benefits Payable (Note 10)	338,785	356,342
Post-Employment Benefits Payable (Note 10)	7,168	6,416
Advances from Others and Deferred Revenue (Note 9)	1,499,416	1,490,122
Other Liabilities:		
Customer Deposit Accounts (Note 7)	133,140	131,222
Lease Liabilities (Note 11)	23,201	-
Contingent Liabilities (Note 12)	350	300
Total with the Public	2,093,491	2,072,375
Total Liabilities (Note 8)	$ 2,133,644	$ 2,129,446
NET POSITION		
Cumulative Results of Operations		
Funds from Dedicated Collections (Note 14)	1,440,995	1,573,821
Total Net Position	$ 1,440,995	$ 1,573,821
Total Liabilities and Net Position	$ 3,574,639	$ 3,703,267

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

UNITED STATES PATENT AND TRADEMARK OFFICE

STATEMENTS OF NET COST

For the years ended September 30, 2024 and 2023

(Dollars in Thousands)	2024	2023
PATENT		
Program Cost	$ 3,852,330	$ 3,542,776
Program Earned Revenue	(3,610,036)	(3,495,016)
Net Program Cost	242,294	47,760
TRADEMARK		
Program Cost	566,273	495,936
Program Earned Revenue	(509,623)	(449,711)
Net Program Cost	56,650	46,225
Net Cost of Operations (Note 14)	$ 298,944	$ 93,985
TOTAL		
Total Program Cost (Notes 15 and 16)	$ 4,418,603	$ 4,038,712
Total Earned Revenue	(4,119,659)	(3,944,727)
Net Cost of Operations (Note 14)	$ 298,944	$ 93,985

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

UNITED STATES PATENT AND TRADEMARK OFFICE

STATEMENTS OF CHANGES IN NET POSITION

For the years ended September 30, 2024 and 2023

(Dollars in Thousands)	2024	2023
	Funds from Dedicated Collections	**Funds from Dedicated Collections**
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balances	$ 1,573,821	$ 1,554,999
Adjustments:		
Change in accounting principle (Note 1)	-	-
Beginning Balances, as adjusted	$ 1,573,821	$ 1,554,999
Transfers Out Without Reimbursement	(2,460)	(2,450)
Imputed Financing	168,578	115,257
Net Cost of Operations	(298,944)	(93,985)
Net Change in Cumulative Results of Operations	(132,826)	18,822
Cumulative Results of Operations - Ending	$ 1,440,995	$ 1,573,821
Net Position, End of Year	$ 1,440,995	$ 1,573,821

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

UNITED STATES PATENT AND TRADEMARK OFFICE
COMBINED STATEMENTS OF BUDGETARY RESOURCES
For the years ended September 30, 2024 and 2023

(Dollars in Thousands)	**2024**	**2023**
BUDGETARY RESOURCES		
Unobligated Balance, Brought Forward (Note 17)	$ 1,145,513	$ 1,015,373
Recoveries of Prior Year Obligations	63,688	55,878
Unobligated Balance from Prior Year Budget Authority, Net (discretionary)	1,209,201	1,071,251
Spending Authority from Offsetting Collections (discretionary)	4,129,279	4,042,355
Total Budgetary Resources	$ 5,338,480	$ 5,113,606
STATUS OF BUDGETARY RESOURCES		
New Obligations (Note 17)	$ 4,196,589	$ 3,968,093
Unobligated Balance, End of Year:		
Apportioned	1,141,891	1,145,513
Total Unobligated Balance, End of Year:	1,141,891	1,145,513
Total Status of Budgetary Resources	$ 5,338,480	$ 5,113,606
OUTLAYS, NET		
Net Outlays/(Collections) (discretionary)	$ 109,061	$ (139,100)

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

Notes to the Financial Statements

As of and for the years ended September 30, 2024 and 2023

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 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.

Due to OMB A-136 updates, certain prior year balances were reclassified to conform with the current year presentation. These changes relate to Federal employee salary, benefits, and post-employment benefits payable.

Throughout these financial statements, assets, liabilities, revenues, and costs have been classified according to the type of entity with which the transactions are associated. Intra-governmental assets and liabilities are those from or to other federal entities. Intra-governmental earned revenues are collections or accruals of revenue from other federal entities and intra-governmental 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 Statements of Budgetary Resources is presented on a combined basis.

Changes in Accounting Principle

A change in accounting principle results from either adopting a new accounting pronouncement or an entity adopting an allowable alternative accounting principle on the basis that is preferable. Generally, as applicable, changes in accounting principle are shown as an adjustment to beginning net position in the Statement of Operations and Changes in Net Position of the period in which the change is implemented.

Adjustments to beginning net position in FY 2024 for a change in accounting principle had a zero net effect as a result of the USPTO's implementation of FASAB Statement of Federal Financial Accounting Standard (SFFAS) 54, *Leases*. The USPTO is applying the Standard prospectively.

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.

NOTE 1. Summary of Significant Accounting Policies (continued)

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.

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. OPM, and certain legal judgments against the USPTO are paid for in full from the Judgment Fund maintained by Treasury. Also, the cost of collecting fees electronically for the USPTO are paid for in full by Treasury. The USPTO includes applicable Imputed Costs on the *Statements of Net Cost*. In addition, an Imputed Financing Source from Cost Absorbed by Others is recognized on the *Statements 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. This balance 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 intergovernmental 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.

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

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.

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

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

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.

For the years ended September 30, 2024 and 2023, the USPTO made current year contributions through agency payroll contributions and quarterly supplemental payments to OPM equivalent to approximately 29.9% and 30.8%, respectively, of the employee's basic pay for those employees covered by CSRS, based on OPM cost factors. For the years ended September 30, 2024 and 2023, the USPTO made current year contributions through agency payroll contributions equivalent to approximately 17.8% and 17.9%, respectively, 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. Two types of deferred revenue are recorded. The first type results from checks received, accompanied by requests for services, which were not yet deposited due to the lag time between receipt and initial review. The second type of 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 in patent and trademark filings, changes in the first action pendency rates, and changes in fee rates. Increases in patent and trademark filings, first action pendency rates, 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, 2024 and 2023, Fund Balance with Treasury consisted of the following:

(Dollars in Thousands)	2024	2023
Status of Fund Balance with Treasury:		
Obligated Balance Not Yet Disbursed	$ 733,422	$ 841,321
Unobligated Balance Available - Operating Reserves	1,141,891	1,145,513
Temporarily Not Available Pursuant to Public Law	937,819	937,819
Non-Budgetary Fund Balance with Treasury	374,793	372,766
Total Fund Balance with Treasury	$ 3,187,925	$ 3,297,419

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 Expense general fund as a designated operating reserve that will be carried over for use in future years. As of September 30, 2024, the total Patent reserve was $980,417 thousand and the total Trademark reserve was $161,474 thousand. As of September 30, 2023, the total Patent reserve was $942,490 thousand and the total Trademark reserve was $203,023 thousand.

As of September 30, 2024, the USPTO collected less fees than appropriated for the fiscal year. As a result, there were no funds deposited in the fee reserve fund as of September 30, 2024. As of September 30, 2023, the USPTO collected less fees than appropriated for the fiscal year. As a result, there were no funds deposited in the fee reserve fund as of September 30, 2023.

As of September 30, 2024 and 2023, the Non-Budgetary Fund Balance with Treasury includes unavailable surcharge receipts held in a special fund of $233,529 thousand for each year presented and non-entity customer deposit accounts held in deposit funds of $141,264 thousand and $139,237 thousand, respectively.

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, 2024 and 2023, 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, 2024, USPTO entity accounts receivable consisted of the following:

(Dollars in Thousands)	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	$ 1,061	$ -	$ 1,061
With the Public	$ 781	$ (391)	$ 390

As of September 30, 2023, USPTO entity accounts receivable consisted of the following:

(Dollars in Thousands)	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	$ 576	$ -	$ 576
With the Public	$ 695	$ (415)	$ 280

NOTE 4. Cash and Other Monetary Assets

As of September 30, 2024 and 2023, cash and other monetary assets consisted of the following:

(Dollars in Thousands)	2024	2023
Deposits in Transit	$ 11,252	$ 9,751
Total Cash and Other Monetary Assets	$ 11,252	$ 9,751

As of September 30, 2024 and 2023, cash and other monetary assets included customer deposit accounts held with the public amounting to $3,220 thousand and $2,963 thousand, respectively. 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, 2024, 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	$ 263,283	$ 228,071	$ 35,212
Software	3	1,421,946	1,183,407	238,539
Software in Development	-	32,311	-	32,311
Furniture	7	24,610	20,900	3,710
Equipment	3-8	2,463	1,933	530
Leasehold Improvements	5-20	121,352	116,749	4,603
Right-to-Use Lease Assets (Note 11)	2-12	24,284	1,871	22,413
Total Property, Plant, and Equipment		$ 1,890,249	$ 1,552,931	$ 337,318

NOTE 5. General Property, Plant, and Equipment, Net (continued)

As of September 30, 2023, 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	$ 261,240	$ 228,378	$ 32,862
Software	3	1,433,428	1,177,085	256,343
Software in Development	-	51,727	-	51,727
Furniture	7	32,179	24,644	7,535
Equipment	3-8	2,067	2,067	-
Leasehold Improvements	5-20	141,283	128,554	12,729
Total Property, Plant, and Equipment		$ 1,921,924	$ 1,560,728	$ 361,196

The USPTO does not have any restrictions on the use or convertibility of the general property, plant, and equipment balances.

(Dollars in Thousands)	2024	2023
Balance, Beginning of Year, unadjusted	$ 361,196	$ 374,333
Right-to-Use Assets Due to Change in Accounting Principle	11,558	-
Balance, Beginning of Year, adjusted	372,754	374,333
Capitalized Acquisitions	147,364	160,926
Right-to-Use Lease Assets	12,726	-
Amortization of Right-to-Use Lease Assets	(1,871)	-
Loss on Dispositions	(7,475)	(2,840)
Depreciation Expense	(186,180)	(171,223)
Balance, End of Year	$ 337,318	$ 361,196

NOTE 6. Advances and Prepayments

As of September 30, 2024 and 2023, advances and prepayments consisted of the following:

(Dollars in Thousands)	2024	2023
Intragovernmental	$ 6,169	$ 5,618
With the Public	$ 30,524	$ 28,427

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

NOTE 6. Advances and Prepayments *(continued)*

held with the U.S. Government Publishing Office to facilitate recurring transactions, the U.S. Postal Service for postage, and the DOC for centralized services.

The largest prepayments with the public as of September 30, 2024 and 2023 were predominantly $29,136 thousand and $26,431 thousand, respectively, for various hardware and software maintenance agreements and $1,268 thousand and $1,783 thousand, respectively, 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 accounts 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, 2024 and 2023, entity and non-entity assets consisted of the following:

(Dollars in Thousands)	**2024**	**2023**
Fund Balance with Treasury:		
Intragovernmental Customer Deposit Accounts	$ 11,344	$ 10,978
Customer Deposit Accounts with the Public	129,920	128,259
Total Fund Balance with Treasury	141,264	139,237
Undeposited Collections:		
Customer Deposit Accounts with the Public	3,220	2,963
Total Non-Entity Assets	144,484	142,200
Total Entity Assets	3,430,155	3,561,067
Total Assets	$ 3,574,639	$ 3,703,267

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 reserve) as of September 30, 2024. 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).

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

As of September 30, 2024 and 2023, liabilities covered and not covered by budgetary resources were as follows:

(Dollars in Thousands)	2024	2023
Liabilities Covered by Budgetary Resources		
Intragovernmental:		
Accounts Payable	$ 11,532	$ 9,692
Other Current Liabilities:		
Benefit Program Contributions Payable	15,785	34,998
Total Intragovernmental	27,317	44,690
With the Public:		
Accounts Payable	91,135	87,672
Federal Employee Salary, Leave, and Benefits Payable	55,999	118,810
Advances from Others and Deferred Revenue	1,141,891	1,145,513
Other Liabilities:		
Lease Liabilites	2,059	-
Total with the Public	1,291,084	1,351,995
Total Liabilities Covered by Budgetary Resources	$ 1,318,401	$ 1,396,685
Liabilities Not Covered by Budgetary Resources		
Intragovernmental:		
Other Current Liabilities:		
Benefit Program Contributions Payable	$ 1,492	$ 1,403
Total Intragovernmental	1,492	1,403
With the Public:		
Accounts Payable	296	301
Federal Employee Salary, Leave, and Benefits Payable	282,786	237,532
Post-Employment Benefits Payable	7,168	6,416
Advances from Others and Deferred Revenue	357,525	344,609
Other Liabilities:		
Lease Liabilites	21,142	-
Contingent Liabilities	350	300
Total with the Public	669,267	589,158
Total Liabilities Not Covered by Budgetary Resources	$ 670,759	$ 590,561
Liabilities Not Requiring Budgetary Resources		
Intragovernmental:		
Other Liabilities:		
Customer Deposit Accounts	$ 11,344	$ 10,978
Total Intragovernmental	11,344	10,978
With the Public		
Other Liabilities:		
Customer Deposit Accounts	133,140	131,222
Total with the Public	133,140	131,222
Total Liabilities Not Requiring Budgetary Resources	$ 144,484	$ 142,200
Total Liabilities	$ 2,133,644	$ 2,129,446

NOTE 9. Advances from Others and Deferred Revenue

As of September 30, 2024, deferred revenue consisted of the following:

(Dollars in Thousands)	Patent	Trademark	Total
Unearned Fees	$ 1,278,673	$ 220,743	$ 1,499,416
Total Deferred Revenue	$ 1,278,673	$ 220,743	$ 1,499,416

As of September 30, 2023, deferred revenue consisted of the following:

(Dollars in Thousands)	Patent	Trademark	Total
Unearned Fees	$ 1,231,717	$ 258,405	$ 1,490,122
Total Deferred Revenue	$ 1,231,717	$ 258,405	$ 1,490,122

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

As of September 30, 2024 and 2023, federal employee salary and benefits payable consisted of the following:

(Dollars in Thousands)	2024	2023
Intragovernmental:		
Benefit Contributions Payable		
Employer Contributions and Payroll Taxes Payable	$ 15,638	$ 34,946
Unemployment Liability	147	52
Unfunded FECA Liability	1,492	1,403
Total Intragovernmental	$ 17,277	$ 36,401
With the Public:		
Federal Employee Salary, Leave, and Benefits Payable		
Accrued Payroll	55,999	118,810
Unfunded Leave	176,221	158,480
Unfunded Employee Award Accrual	106,565	79,052
Post-Employment Benefits Payable		
Actuarial FECA Liability	7,168	6,416
Total With the Public	$ 345,953	$ 362,758
Total Federal Employee Salary and Benefits Payable	$ 363,230	$ 399,159

NOTE 10. Federal Employee Salary, Leave, and Post-Employment Benefits Payable *(continued)*

The FECA actuarial liability is calculated annually, as of September 30th by the DOL. For FY 2024 and 2023, projected annual payments were discounted to the present value based on averaging the Treasury's Yield Curve for Treasury Nominal Coupon 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:

2024	2023
For wage benefits: 2.65% in year 1, and thereafter	**For wage benefits:** 2.33% in year 1, and thereafter
For medical benefits: 2.40% in year 1, and thereafter	**For medical benefits:** 2.11% 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 2025 and FY 2034. During the years ended September 30, 2024 and 2023, the USPTO paid $81,011 thousand and $89,099 thousand, respectively, to the GSA for rent.

Under existing commitments, the future minimum intragovernmental lease payments as of September 30, 2024 are as follows:

(Dollars in Thousands)	Fiscal Year	Total Real Property
	2025	$ 47,301
	2026	46,925
	2027	46,925
	2028	46,925
	2029	41,859
	Thereafter	2,362
Total Future Minimum Lease Payments		$ 232,297

NOTE 11. Leases *(continued)*

The commitments shown above relate primarily to the intragovernmental lease for the USPTO headquarters and regional offices. As the USPTO's telework program continues to grow, the agency reduced its physical leased space, beginning with one auxiliary facility in Northern Virginia during FY 2023, and two main campus and two auxiliary buildings in Alexandria in late FY 2024.

Lease Location	Lease Initiation	Lease Expiration
Detroit, Michigan	FY 2022	FY 2025
Alexandria, Virginia	FY 2024	FY 2029
Denver, Colorado	FY 2021	FY 2029
Dallas, Texas	FY 2016	FY 2031
Lorton, Virginia	FY 2019	FY 2034

In addition, for the year ended September 30, 2024, the USPTO paid $22 thousand to the GSA for vehicle leases, $131 thousand to the Environmental Protection Agency for storage space rental, $213 thousand to the International Trade Administration and $42 thousand to the Department of State for lodging for foreign attachés, and $56 thousand to the Department of Commerce for office space in the Herbert C. Hoover Building.

Right-to-Use Leases:

If the non-intragovernmental lease meets the 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 office equipment (copier) rental, 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, 2024 are as follows:

(Dollars in Thousands) Fiscal Year	Principal	Interest	Total
2025	$ 3,022	$ 872	$ 3,894
2026	3,164	868	4,032
2027	3,353	657	4,010
2028	3,478	493	3,971
2029	3,829	409	4,238
2030-34	5,167	924	6,091
2035-36	1,188	31	1,219
Total	$ 23,201	$ 4,254	$ 27,455

NOTE 11. Leases *(continued)*

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, 2024, the USPTO paid $10,802 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, 2024, management expects it is reasonably possible that approximately $2,800 thousand may be owed for awards or damages involving labor relations claims. As of September 30, 2023, management expects it is reasonably possible that approximately $2,700 thousand may be owed for awards or damages involving labor relations claims.

As of September 30, 2024, the USPTO was subject to suits where an adverse outcome was probable and the claims were $350 thousand. As of September 30, 2023, the USPTO was subject to suits where an adverse outcome was probable and the claims were $300 thousand.

For the years ended September 30, 2024, there were no payments made on behalf of the USPTO from the Judgment Fund. For the years ended September 30, 2023, there was one payment totaling $0.5 thousand made on behalf of the USPTO from the Judgment Fund.

As of September 30, 2024 and 2023, the USPTO did not have any major long-term commitments.

NOTE 13. Post-employment Benefits

For the years ended September 30, 2024 and 2023, the post-employment benefit expenses were as follows:

(Dollars in Thousands)	**2024**			**2023**		
	Funded	**Imputed**	**Total**	**Funded**	**Imputed**	**Total**
CSRS	$ 3,871	$ 2,204	$ 6,075	$ 4,465	$ 1,580	$ 6,045
FERS	347,573	102,629	450,202	319,190	52,758	371,948
FEHB	105,020	5,022	110,042	103,848	5,771	109,619
FEGLI	328	-	328	302	-	302
FICA	149,885	-	149,885	134,218	-	134,218
Total Cost	$ 606,677	$ 109,855	$ 716,532	$ 562,023	$ 60,109	$ 622,132

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 IP. This fund is used for the USPTO's responsibility to promote the use of IP 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, 2024, the salaries and expenses fund includes the Patent operating reserve of $980,417 thousand and the Trademark operating reserve of $161,474 thousand. As of September 30, 2023, the salaries and expenses fund includes the Patent operating reserve of $942,490 thousand and the Trademark operating reserve of $203,023 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. There were no funds deposited in the fee reserve fund as of September 30, 2024 and 2023, respectively.

The **Surcharge Fund** was created through the Patent and Trademark Office Surcharge provision in the 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, 2024				
Intragovernmental:				
Fund Balance with Treasury	$ 2,813,132	$ -	$ 233,529	$ 3,046,661
Accounts Receivable, Net	1,061	-	-	1,061
Advances and Prepayments	6,169	-	-	6,169
Total Intragovernmental	2,820,362	-	233,529	3,053,891
With the Public:				
Cash and Other Monetary Assets	8,032	-	-	8,032
Accounts Receivable, Net	390	-	-	390
General Property, Plant, and Equipment, Net	337,318	-	-	337,318
Advances and Prepayments	30,524	-	-	30,524
Total With the Public	376,264	-	-	376,264
Total Assets	$ 3,196,626	$ -	$ 233,529	$ 3,430,155
Intragovernmental:				
Accounts Payable	$ 11,532	$ -	$ -	$ 11,532
Benefit Program Contributions Payable	17,277	-	-	17,277
Total Intragovernmental	28,809	-	-	28,809
With the Public:				
Accounts Payable	91,431	-	-	91,431
Federal Employee Salary, Leave, and Benefits Payable	338,785	-	-	338,785
Post-Employment Benefits Payable	7,168	-	-	7,168
Advances from Others and Deferred Revenue	1,499,416	-	-	1,499,416
Other Liabilities:				
Lease Liabilities	23,201	-	-	23,201
Contingent Liabilities	350	-	-	350
Total with the Public	1,960,351	-	-	1,960,351
Total Liabilities	$ 1,989,160	$ -	$ -	$ 1,989,160
Cumulative Results of Operations	1,207,466	-	233,529	1,440,995
Total Liabilities and Net Position	$ 3,196,626	$ -	$ 233,529	$ 3,430,155
Statement of Net Cost For the Year Ended September 30, 2024				
Total Program Cost	$ 4,418,603	$ -	$ -	$ 4,418,603
Less Program Earned Revenue	(4,119,659)	-	-	(4,119,659)
Net Cost of Operations	$ 298,944	$ -	$ -	$ 298,944
Statement of Changes in Net Position For the Year Ended September 30, 2024				
Cumulative Results of Operations				
Beginning Balance	$ 1,340,292	$ -	$ 233,529	$ 1,573,821
Adjustments:				
Change in Accounting Principle	-	-	-	-
Beginning Balance, as adjusted	$ 1,340,292	$ -	$ 233,529	$ 1,573,821
Transfers Out Without Reimbursement	(2,460)	-	-	(2,460)
Imputed Financing	168,578	-	-	168,578
Net Cost of Operations	(298,944)	-	-	(298,944)
Net Change in Cumulative Results of Operations	(132,826)	-	-	(132,826)
Cumulative Results of Operations - Ending	$ 1,207,466	$ -	$ 233,529	$ 1,440,995
Net Position, End of Year	$ 1,207,466	$ -	$ 233,529	$ 1,440,995

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, 2023				
Intragovernmental:				
Fund Balance with Treasury	$ 2,924,653	$ -	$ 233,529	$ 3,158,182
Accounts Receivable, Net	576	-	-	576
Advances and Prepayments	5,618	-	-	5,618
Total Intragovernmental	2,930,847	-	233,529	3,164,376
With the Public:				
Cash and Other Monetary Assets	6,788	-	-	6,788
Accounts Receivable, Net	280	-	-	280
General Property, Plant, and Equipment, Net	361,196	-	-	361,196
Advances and Prepayments	28,427	-	-	28,427
Total With the Public	396,691	-	-	396,691
Total Assets	$ 3,327,538	$ -	$ 233,529	$ 3,561,067
Intragovernmental:				
Accounts Payable	$ 9,692	$ -	$ -	$ 9,692
Benefit Program Contributions Payable	36,401	-	-	36,401
Total Intragovernmental	46,093	-	-	46,093
With the Public:				
Accounts Payable	87,973	-	-	87,973
Federal Employee Salary, Leave, and Benefits Payable	356,342	-	-	356,342
Post-Employment Benefits Payable	6,416			6,416
Advances from Others and Deferred Revenue	1,490,122	-	-	1,490,122
Other Liabilities:				
Contingent Liabilities	300	-	-	300
Total with the Public	1,941,153	-	-	1,941,153
Total Liabilities	$ 1,987,246	$ -	$ -	$ 1,987,246
Cumulative Results of Operations	1,340,292	-	233,529	1,573,821
Total Liabilities and Net Position	$ 3,327,538	$ -	$ 233,529	$ 3,561,067
Statement of Net Cost For the Year Ended September 30, 2023				
Total Program Cost	$ 4,038,712	$ -	$ -	$ 4,038,712
Less Program Earned Revenue	(3,944,727)	-	-	(3,944,727)
Net Cost of Operations	$ 93,985	$ -	$ -	$ 93,985
Statement of Changes in Net Position For the Year Ended September 30, 2023				
Cumulative Results of Operations				
Beginning Balance	$ 1,289,837	$ 31,633	$ 233,529	$ 1,554,999
Transfers (Out)/In Without Reimbursement	29,183	(31,633)	-	(2,450)
Imputed Financing	115,257	-	-	115,257
Net Cost of Operations	(93,985)	-	-	(93,985)
Net Change in Cumulative Results of Operations	50,455	(31,633)	-	18,822
Cumulative Results of Operations - Ending	$ 1,340,292	$ -	$ 233,529	$ 1,573,821
Net Position, End of Year	$ 1,340,292	$ -	$ 233,529	$ 1,573,821

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 or operating costs for the years ended September 30, 2024 and 2023 by cost category were as follows:

(Dollars in Thousands)	2024		
	Direct	**Allocated**	**Total**
Personnel Services and Benefits	$ 2,843,120	$ 294,961	$ 3,138,081
Travel and Transportation	3,181	4,203	7,384
Rent, Communications, and Utilities	67,505	35,919	103,424
Printing and Reproduction	184,940	309	185,249
Contractual Services	219,712	411,496	631,208
Training	4,267	3,411	7,678
Maintenance and Repairs	2,688	44,684	47,372
Supplies and Materials	47,940	2,452	50,392
Equipment not Capitalized	1,218	49,881	51,099
Insurance Claims and Indemnities	882	308	1,190
Depreciation, Amortization, and Loss on Asset Dispositions	126,853	68,673	195,526
Total Program Costs	$ 3,502,306	$ 916,297	$ 4,418,603

(Dollars in Thousands)	2023		
	Direct	**Allocated**	**Total**
Personnel Services and Benefits	$ 2,553,843	$ 254,331	$ 2,808,174
Travel and Transportation	1,458	2,795	4,253
Rent, Communications, and Utilities	75,166	41,585	116,751
Printing and Reproduction	182,076	284	182,360
Contractual Services	220,758	377,636	598,394
Training	3,251	2,610	5,861
Maintenance and Repairs	1,676	50,809	52,485
Supplies and Materials	46,662	2,821	49,483
Equipment not Capitalized	2,141	44,220	46,361
Insurance Claims and Indemnities	510	17	527
Depreciation, Amortization, and Loss on Asset Dispositions	116,139	57,924	174,063
Total Program Costs	$ 3,203,680	$ 835,032	$ 4,038,712

NOTE 16. Program Costs by Responsibility Segment

The following tables present program costs for the USPTO's primary responsibility segments: granting patents and registering trademarks.

The program costs for the years ended September 30, 2024 and 2023 by responsibility segment were as follows:

(Dollars in Thousands)	**2024**		
	Patent	**Trademark**	**Total**
Direct Costs			
Personnel Services and Benefits	$ 2,538,465	$ 304,655	$ 2,843,120
Travel and Transportation	2,941	240	3,181
Rent, Communications, and Utilities	59,644	7,861	67,505
Printing and Reproduction	184,940	-	184,940
Contractual Services	170,528	49,184	219,712
Training	4,009	258	4,267
Maintenance and Repairs	2,081	607	2,688
Supplies and Materials	46,318	1,622	47,940
Equipment not Capitalized	1,405	(187)	1,218
Insurance Claims and Indemnities	873	9	882
Depreciation, Amortization, and Loss on Asset Dispositions	99,150	27,703	126,853
Subtotal Direct Costs	$ 3,110,354	$ 391,952	$ 3,502,306
Allocated Costs			
Automation	$ 299,321	$ 78,218	$ 377,539
Resource Management	442,656	96,102	538,758
Subtotal Allocated Costs	$ 741,977	$ 174,320	$ 916,297
Total Program Costs	$ 3,852,331	$ 566,272	$ 4,418,603

NOTE 16. Program Costs by Responsibility Segment *(continued)*

(Dollars in Thousands)	2023 Patent	2023 Trademark	2023 Total
Direct Costs			
Personnel Services and Benefits	$ 2,291,626	$ 262,217	$ 2,553,843
Travel and Transportation	1,239	219	1,458
Rent, Communications, and Utilities	65,971	9,195	75,166
Printing and Reproduction	182,047	29	182,076
Contractual Services	178,453	42,305	220,758
Training	2,809	442	3,251
Maintenance and Repairs	1,309	367	1,676
Supplies and Materials	44,913	1,749	46,662
Equipment not Capitalized	1,324	817	2,141
Insurance Claims and Indemnities	507	3	510
Depreciation, Amortization, and Loss on Asset Dispositions	90,863	25,276	116,139
Subtotal Direct Costs	$ 2,861,061	$ 342,619	$ 3,203,680
Allocated Costs			
Automation	$ 283,624	$ 68,739	$ 352,363
Resource Management	398,091	84,578	482,669
Subtotal Allocated Costs	$ 681,715	$ 153,317	$ 835,032
Total Program Costs	$ 3,542,776	$ 495,936	$ 4,038,712

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 2024, the USPTO was appropriated up to $4,195,799 thousand for fees collected during the fiscal year. For the years ended September 30, 2024, the USPTO collected $86,372 thousand less than the amount apportioned through September 30, 2024 (under-collections of fees of $67,240 thousand and net under-collections of other budgetary resources of $19,132 thousand).

For FY 2023, the USPTO was appropriated up to $4,253,404 thousand for fees collected during the fiscal year. For the year ended September 30, 2023, the USPTO collected $221,721 thousand less than the amount apportioned through September 30, 2023 (under-collections of fees of $213,243 thousand and net under-collections of other budgetary resources of $8,478 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 2024, the carryover amount that was brought into the fiscal year from FY 2023 was $1,145,513 thousand, all of which were comprised of operating reserves which were immediately available. For FY 2023, the carryover amount that was brought into the fiscal year from FY 2022 was $1,015,373 thousand, comprised of $983,740 thousand in operating reserves immediately available and $31,633 thousand in the fee reserve fund subject to Congressional reprogramming.

As of September 30, 2024 and 2023, reimbursable obligations incurred were $4,196,589 thousand and $3,968,093 thousand, respectively.

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, 2024 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.

NOTE 17. Budgetary Resources *(continued)*

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.

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, 2024, reimbursable undelivered orders consisted of the following:

(Dollars in Thousands)	**Unpaid**	**Paid**	**Total**
Intragovernmental	$ 30,201	$ 6,169	$ 36,370
With the Public	530,819	30,524	561,343
Total Undelivered Orders	$ 561,020	$ 36,693	$ 597,713

As of September 30, 2023, reimbursable undelivered orders consisted of the following:

(Dollars in Thousands)	**Unpaid**	**Paid**	**Total**
Intragovernmental	$ 28,714	$ 5,618	$ 34,332
With the Public	562,012	28,427	590,439
Total Undelivered Orders	$ 590,726	$ 34,045	$ 624,771

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

A comparison was performed between the amounts reported in the FY 2023 Statement of Budgetary Resources and the actual FY 2023 amounts reported in the FY 2024 Budget of the U.S. government for Statement of Budgetary Resources 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 2024 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 $277 thousand and $250 thousand for the years ended September 30, 2024 and 2023, respectively, 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 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.

(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 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, 2023			
Fiduciary Net Assets, Beginning of Year	$ 16,622	$ 790	$ 17,412
Contributions	152,371	41,645	194,016
Disbursements To and on Behalf of Beneficiaries	(152,300)	(41,355)	(193,655)
Increase in Fiduciary Net Assets	71	290	361
Fiduciary Net Assets, End of Year	$ 16,693	$ 1,080	$ 17,773

(Dollars in Thousands)	Patent Cooperation Treaty	Madrid Protocol	Total Fiduciary Funds
Fiduciary Net Assets as of September 30, 2023			
Cash and Cash Equivalents	$ 16,693	$ 1,080	$ 17,773
Total Fiduciary Net Assets	$ 16,693	$ 1,080	$ 17,773

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* is 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.

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

For the years ended September 30, 2024 and 2023, the reconciliation of net cost to net outlays is as follows:

	2024		
(Dollars in Thousands)	**Intragovernmental**	**With the Public**	**Total**
NET COST/(INCOME) FROM OPERATIONS	$ 1,057,753	$ (758,809)	$ 298,944
COMPONENTS OF NET COST THAT ARE NOT PART OF NET OUTLAYS:			
Property, Plant, and Equipment Depreciation	-	(188,051)	(188,051)
Property, Plant, and Equipment Disposal and Revaluation	-	(7,475)	(7,475)
Increase/(Decrease) in Assets:			
Accounts Receivable	485	110	595
Cash and Other Monetary Assets	-	1,245	1,245
Advances and Prepayments	551	2,097	2,648
(Increase)/Decrease in Liabilities:			
Accounts Payable	(1,840)	(17,257)	(19,097)
Benefit Program Contributions Payable	19,124	-	19,124
Federal Employee Salary, Leave, and Benefits Payable	-	17,557	17,557
Post-Employment Benefits Payable	-	(752)	(752)
Advances from Others and Deferred Revenue	-	(9,294)	(9,294)
Other Liabilities:			
Principal Payments on Lease Liabilities	-	1,083	1,083
Contingent Liabilities	-	(50)	(50)
Other Financing Sources:			
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(109,855)	-	(109,855)
Other Imputed Financing	(58,723)	-	(58,723)
Total Components of Net Cost That Are Not Part of Net Outlays	(150,258)	(200,787)	(351,045)
COMPONENTS OF NET OUTLAYS THAT ARE NOT PART OF NET COST:			
Acquisition of Capital Assets	(456)	161,618	161,162
Total Components of Net Outlays That Are Not Part of Net Cost	(456)	161,618	161,162
NET OUTLAYS	$ 907,039	$ (797,978)	$ 109,061

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

(Dollars in Thousands)	2023		
	Intragovernmental	**With the Public**	**Total**
NET COST/(INCOME) FROM OPERATIONS	$ 953,733	$ (859,748)	$ 93,985
COMPONENTS OF NET COST THAT ARE NOT PART OF NET OUTLAYS:			
Property, Plant, and Equipment Depreciation	-	(171,223)	(171,223)
Property, Plant, and Equipment Disposal and Revaluation	-	(2,840)	(2,840)
Increase/(Decrease) in Assets:			
Accounts Receivable	576	(375)	201
Cash and Other Monetary Assets	-	(242)	(242)
Advances and Prepayments	(361)	(3,090)	(3,451)
(Increase)/Decrease in Liabilities:			
Accounts Payable	(1,504)	21,047	19,543
Benefit Program Contributions Payable	(2,520)	-	(2,520)
Federal Employee Salary, Leave, and Benefits Payable	-	(22,687)	(22,687)
Post-Employment Benefits Payable	-	(700)	(700)
Advances from Others and Deferred Revenue	-	(96,927)	(96,927)
Other Liabilities:			
Contingent Liabilities	-	200	200
Other Financing Sources:			
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(60,109)	-	(60,109)
Other Imputed Financing	(55,148)	-	(55,148)
Total Components of Net Cost That Are Not Part of Net Outlays	(119,066)	(276,837)	(395,903)
COMPONENTS OF NET OUTLAYS THAT ARE NOT PART OF NET COST:			
Acquisition of Capital Assets	(105)	162,923	162,818
Total Components of Net Outlays That Are Not Part of Net Cost	(105)	162,923	162,818
NET OUTLAYS	$ 834,562	$ (973,662)	$ (139,100)

Required Supplementary Information (Unaudited)

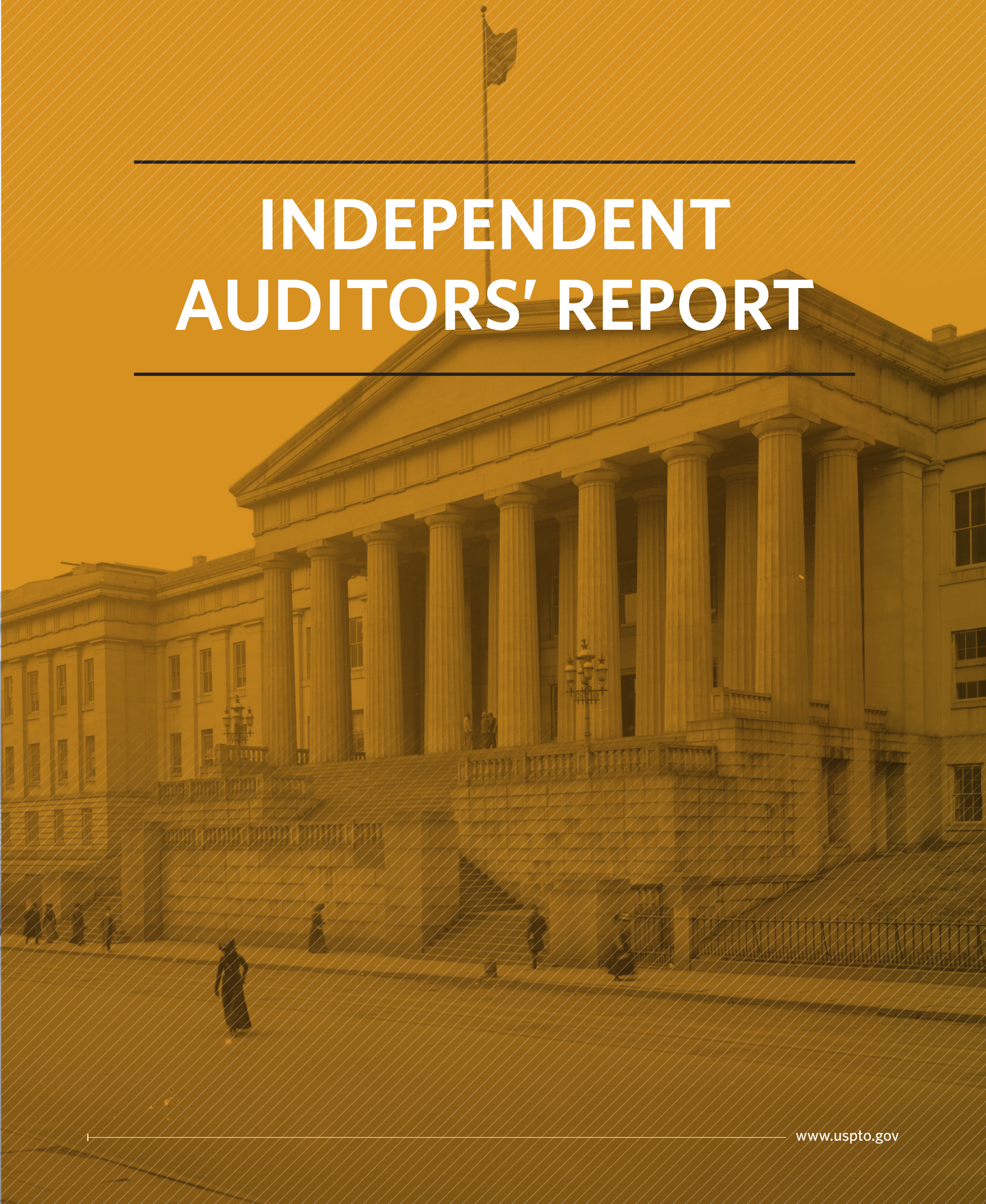
Deferred Maintenance and Repairs

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 Property, Plant, and Equipment (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.

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.

USPTO staff meet with attendees at the joint federal government exhibit in the Eureka Park startup section of the CES show in Las Vegas. (Photo by Jay Premack/USPTO)

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, D.C. 20230

November 14, 2024

MEMORANDUM FOR: Kathi Vidal
Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office

FROM: Richard Bachman
Assistant Inspector General for Audit and Evaluation

SUBJECT: *United States Patent and Trademark Office FY 2024 Financial Statements*
Final Report No. OIG-25-003-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 2024 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; and
- 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 pursuant to 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 its 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

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 United States Patent and Trademark Office (USPTO), which comprise the balance sheets as of September 30, 2024 and 2023, and the related statements of net cost, changes in net position, and combined statements of budgetary resources for the years 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, 2024 and 2023, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits 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 audits. 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 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.

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, Table of Contents, the Message, Introduction, Message from Chief Financial Officer, Other Information, Glossary of Acronyms, and URL Index and Acknowledgments section 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, 2024, 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, 2024 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. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, District of Columbia
November 8, 2024

OTHER INFORMATION (UNAUDITED)

OTHER INFORMATION (UNAUDITED)

Summary of Financial Statement Audit and Management Assurances

TABLE 5: 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 6: 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 – Safeguarding Intellectual Property and Fostering Innovation, as described in the DOC OIG's October 16th report, Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2025. The USPTO is also responsible for continuing to improve its own cybersecurity posture in support of resolving Management Challenge Section 1: Modernizing Technology and Systems – Modernizing IT Systems and Operations and Integrating AI and Other Emerging Technologies Safely. In addition, the USPTO is responsible for continuing to strengthen its acquisition oversight in support of resolving Management Challenge Section 3: Managing Spending – Strengthening Oversight in Response to Dramatic Growth.

UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, D.C. 20230

INFORMATION MEMORANDUM FOR SECRETARY RAIMONDO

FROM: Jill Baisinger, Acting Inspector General, (202) 794-7788

DATE: October 16, 2024

CC: Don Graves, Deputy Secretary of Commerce
Chris Slevin, Chief of Staff
James Secreto, Deputy Chief of Staff
Tonya Williams, Chief of Staff
Brian Epley, Chief Information Officer
Jeremy Pelter, Deputy Assistant Secretary for Administration, performing the non-exclusive functions and duties of the Chief Financial Officer and Assistant Secretary for Administration
Patrick Sweeney, Commander
Operating Unit Heads
Operating Unit Audit Liaisons

RE: **Statement of the Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2025**
Report No. OIG-25-001

The Office of Inspector General is required to report annually the most serious management and performance challenges facing the U.S. Department of Commerce and to briefly assess progress in addressing those challenges.[1] Pursuant to the same statute, the Inspector General's statement summarizing those challenges is to be included in the Department's *Annual Financial Report*.

In keeping with these requirements, I have attached to this statement the final report on the Department's top management and performance challenges for fiscal year 2025. In summary, the report identifies three overarching challenge areas as well as specific issues associated with those broad topics.

- **Challenge Area 1: Modernizing Technology and Systems**
  - Maximizing Cybersecurity and IT Security
  - Modernizing IT Systems and Operations
  - Integrating AI and Other Emerging Technologies Safely
- **Challenge Area 2: Providing Core Services and Data**
  - Ensuring Secure, Fair International Trade
  - Maintaining and Improving NOAA Operations and Services
  - Safeguarding Intellectual Property and Fostering Innovation
  - Ensuring Quality Population Data
- **Challenge Area 3: Managing Spending**
  - Strengthening Oversight in Response to Dramatic Growth
  - Strengthening Oversight of the Hollings MEP Program
  - Managing Major Broadband Grant Programs
  - Managing and Overseeing CHIPS Funding
  - Overseeing the NPSBN Program
  - Overseeing NIST Facility Improvement Project Contracts

We will continue to inform the Department's decision makers of areas for improvement identified through our audits and investigations so that timely corrective actions can be taken. We will also identify, as appropriate, progress made by the Department in these areas.

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

[1] 31 U.S.C. § 3516(d).

Payment Integrity Information Act (PIIA) of 2019 reporting

The Payment Integrity Information Act of 2019 (PIIA) requires agencies to review all programs and activities periodically, 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.

i. 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 2024.

The USPTO annually assesses the effectiveness of its internal control over financial reporting in compliance with OMB Circular A-123, Management's Responsibility for ERM and Internal Control. Furthermore, for FY 2025 and beyond, the USPTO will include a review of its internal controls over disbursement processes in its annual assessment. The most recent review the USPTO performed in FY 2024 indicated that the agency's current internal controls over disbursement processes are sound.

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 environment.

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.

ii. 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.

iii. Improper payments reporting, root causes, and corrective actions

During FY 2024, improper payments for all USPTO programs and activities amounted to $1.0 million, or 0.01% 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.

iv. *Accountability*

The USPTO has not identified any significant problems with improper payments. During FY 2024, 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.

v. *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

The following table summarizes overpayments the USPTO identified. The table also includes recaptured overpayments verified through sources other than payment recapture audits that are reportable in the current fiscal year and that were reported in prior fiscal years. Prior fiscal years' amounts represent reporting for FY 2011 through FY 2023, as FY 2011 was the first fiscal year in which this reporting requirement took effect. Amounts recaptured for current year reporting include payment recaptures during FY 2024 of both improper payments reported in FY 2024 and improper payments reported in prior fiscal years.

TABLE 7: OVERPAYMENTS RECAPTURED OUTSIDE FOR RECAPTURE AUDITS
(dollars in millions)

Source of Overpayments	FY 2024		FY 2011 – FY 2023		Cumulative	
	Amounts Identified for Payment Recapture	Amounts Recaptured	Amounts Identified for Payment Recapture	Amounts Recaptured	Cumulative Amounts Identified for Recapture	Cumulative Amounts Recaptured
Post-payment Reviews	$ 0.42	$ 0.14	$ 6.57	$ 6.00	$ 7.20	$ 6.23
Audits and Other Reviews	0.01	-	0.53	0.27	0.57	0.27
Reported by Vendors	0.08	0.08	6.08	5.48	6.74	6.74
Total	$ 0.51	$ 0.22	$ 13.18	$ 11.75	$ 14.51	$ 13.24

The USPTO continues to enhance its processes by identifying and implementing additional procedures to prevent and detect improper payments. In FY 2024, 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 0.01% in FY 2024. 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 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 2024, 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 8: 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	22,171	$929.1	0	$0	0	$0
Reviews with other databases not listed in PIIA	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

vi. 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 accounts' 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 DOC 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 has 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 in FY 2024. The USPTO began implementing analytics recommendations from the FY 2023 fraud risk assessment that evaluated programmatic, insider threat, and supply chain risk management efforts within the OCFO. As a best practice, the OCFO will continue to mature these analytics for quicker identification of potentially fraudulent activity. Additionally, the DOC 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 2024, the Agency enhanced its efforts to mitigate and combat fraudulent trademark applications and other improper activities by:

- Improving enforcement of the USPTO.gov account agreement
- Increasing capacity by hiring dedicated Register Protection staff
- Suspending infringing domain names used for scams
- Improving address validation
- Increasing scam awareness communications, including a social media campaign to reach potential victims

In January 2024, the USPTO began requiring attorney-sponsored support staff to ID-verify their USPTO.gov accounts, enabling the shutdown of accounts used to file submissions that violated the account agreement. The new requirement protects all trademark stakeholders by helping the USPTO combat abuse of our filing systems, limit fraudulent trademark filings, and enforce the "one person, one account" rule outlined in the account agreement.

The recently established RPO hired four new paralegals during the fiscal year to support the administrative review of suspicious filings. The RPO also hired four attorneys, which increases its capacity to review suspicious submissions, draft sanctions orders, and examine nonuse cancellation petitions for reexamination and expungement.

And finally, the USPTO improved its automated address verification system to help examining attorneys more efficiently evaluate whether or not addresses are valid. Using fraudulent addresses is one method in which foreign filers attempt to circumvent the U.S. counsel rule.

The Agency made substantial progress in mitigating threats and protecting the integrity of the Trademark Register in FY 2024 through statutory, technological, and operational adjustments. Nevertheless, the volume and sophistication of scams targeting trademark applicants and registrants remains high. These fraudulent applications and maintenance filings include fake or digitally created specimens of use, or false information designed to evade USPTO rules and policies. The USPTO will continue to strengthen the capabilities and capacity of the RPO and increase the reach of the Administrative Sanctions Program to fight improper activities.

Collectively, the USPTO's use of business intelligence, data analytics, regulatory action, and strategic operations help reduce and mitigate the impact of unauthorized, malicious, damaging, and fraudulent use of its systems. Enhancement and full implementation in subsequent years promises to strengthen the integrity of USPTO's comprehensive ERM framework and protect the Trademark Register to the benefit of stakeholders. The USPTO also continues to analyze patent filings for signs of improper activity. During FY 2024, the Agency continues to check for new potential violations each month to reduce fraud.

Biennial review of user fees

The CFO 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 by which general taxpayers subsidize these specialized services or things of value, provided directly to identifiable non-federal beneficiaries.

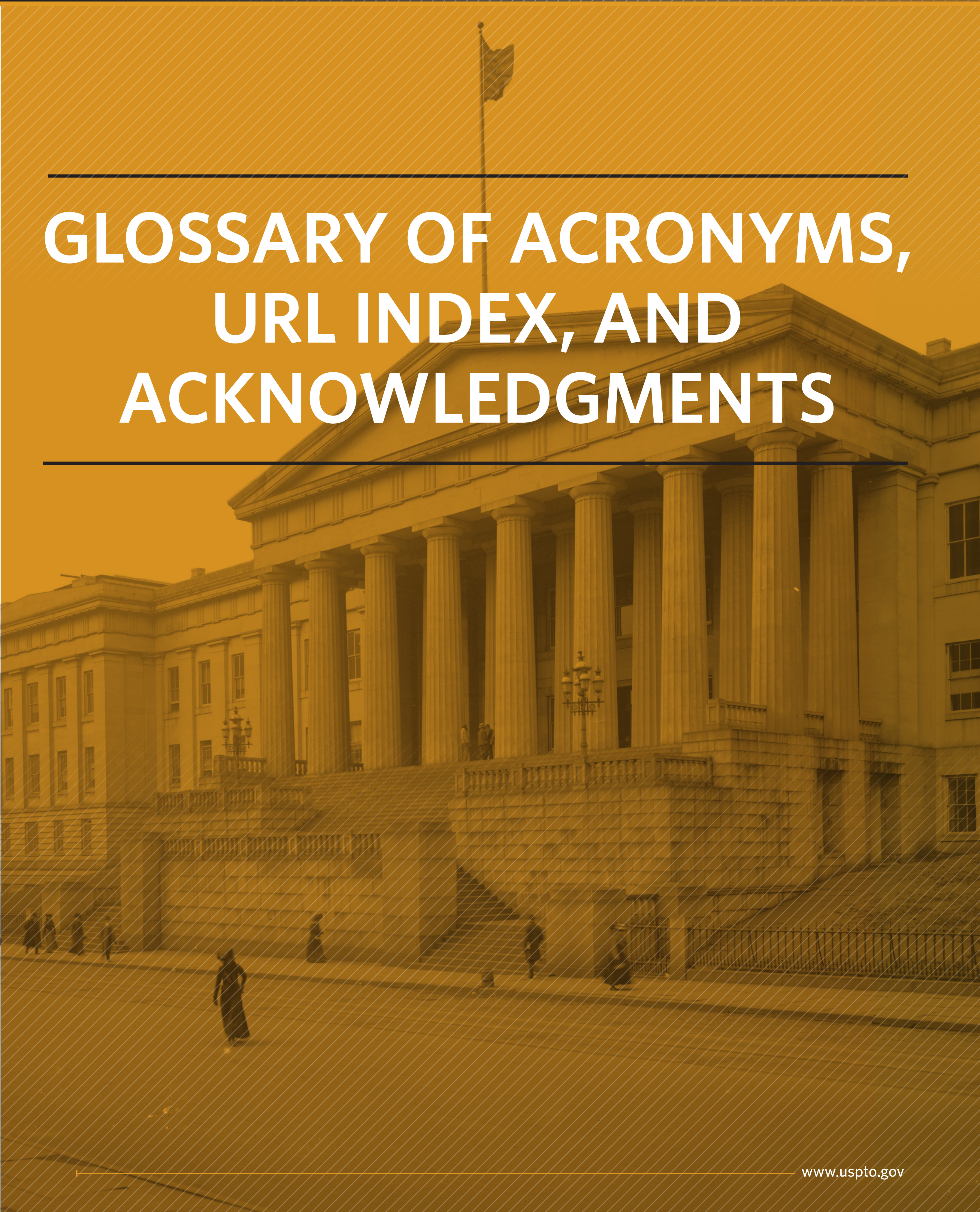
The USPTO is a fully fee-funded agency; the services it provides are not subsidized by general taxpayer revenue. The agency uses activity-based costing to calculate costs of the activities it performs for each fee and uses this information to evaluate and inform the setting of fees. When appropriate, 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 CFO Act, the USPTO assesses fees on at least a biennial basis.

The USPTO initiated its most recent review of user fees in 2021. This review continued into 2023 and involved significant research, evaluation, and analysis to ensure patent and trademark fees recover aggregate agency costs and meet the current and future needs of the IP environment. This review was particularly important given rapid changes in the global economy and policy landscape over the last several years.

Through this review, the USPTO determined that certain adjustments to the patent and trademark fee structures are necessary to ensure aggregate revenue recovers aggregate costs, and to preserve an optimal balance of stakeholders' needs and ensure the USPTO has sufficient financial resources to facilitate the effective administration of the U.S. patent and trademark system. In accordance with the fee setting authority granted to the USPTO by the AIA and as amended by the SUCCESS Act, the USPTO introduced fee proposals to the public at the Patent and Trademark Public Advisory Committee fee setting hearings on May 18, 2023, and June 5, 2023, respectively. After taking into consideration public feedback received through the public hearings, the USPTO published Notices of Proposed Rulemaking for its patent and trademark fee proposals in April and March 2024, respectively. Following a 60-day public comment period, the USPTO began the process of drafting Final Rules for both fee proposals. The agency expects the final patent and trademark fee proposals to become effective in FY 2025.

In keeping with the biennial review schedule and as directed by the UAIA, the USPTO initiated a fee study in FY 2023 that focuses on the balance of patent fees and the fee structure, as well as any potential impacts of fee discounts on patent application filings. The agency has partnered with two well-known academic researchers to answer questions posed in the UAIA and expects to submit the report to Congress by the end of December 2024.

GLOSSARY OF ACRONYMS, URL INDEX, AND ACKNOWLEDGMENTS



GLOSSARY OF ACRONYMS

AFR	Agency Financial Report
AI	artificial intelligence
AIA	America Invents Act
AIPA	American Inventors Protection Act
APJ	administrative patent judge
ATJ	administrative trademark judge
BFS	Bureau of the Fiscal Service
CEAR®	Certificate of Excellence in Accountability Reporting
CES	consumer electronics show
CI²	Council For inclusive Innovation
CIC	Collegiate Inventors Competition
COTS	Commercial-off-the-shelf
CSRS	Civil Service Retirement System
CX	customer experience
DaaEA	Data as an Enterprise Asset
DEIA	diversity, equity, inclusion, and accessibility
DM&R	Deferred maintenance and repairs
DOC	Department of Commerce
DOL	Department of Labor
EDW	Enterprise Data Warehouse
ERM	Enterprise Risk Management
FASAB	Federal Accounting Standards Advisory Board
FECA	Federal Employees' Compensation Act
FEGLI	Federal Employees Group Life Insurance
FEHB	Federal Employees Health Benefit
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act
FICA	Federal Insurance Contributions Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FPDS	Federal Procurement Data System
FRAND	fair, reasonable, and non-discriminatory
FY	fiscal year
GAAP	generally accepted accounting principles
GAAS	generally accepted auditing standards
GAO	Government Accountability Office
GIPA	Global Intellectual Property Academy
GSA	General Services Administration
HBCU	Historically Black College and University
IP	intellectual property
IT	information technology
MBDA	Minority Business Development Agency
ML	machine learning
NIHF	National Inventors Hall of Fame
NIST	National Institute of Standards and Technology
NMTI	National Medal of Technology and Innovation
NPSBN	Nationwide Public Safety Broadband Network
NSF	National Science Foundation
NSTI	National Summer Teacher Institute

NTEU	National Treasury Employees Union
OBRA	Omnibus Budget Reconciliation Act
OCDO	Office of the Chief Data Officer
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OEEOD	Office of Equal Employment Opportunity and Diversity
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPIA	Office of Policy and International Affairs
OPE	Office of Public Engagement
OPM	Office of Personnel Management
PALT	procurement action lead time
PCT	Patent Cooperation Treaty
PIIA	Payment Integrity Information Act
PP&E	Property, Plant, and Equipment
PPAC	Patent Public Advisory Committee
PP&E	property, plant, and equipment
PTA	patent term adjustment
PTE	patent term extension
PTAB	Patent Trial and Appeal Board
PTFRF	Patent and Trademark Fee Reserve Fund
PTRC	Patent and Trademark Resource Center
QSMO	Quality Services Management Office
RCE	requests for continued examination
SBA	Small Business Administration
SFFAS	Statement of Federal Financial Accounting Standard
SME	subject matter eligibility
STEM	science, technology, engineering, and mathematics
SUCCESS	Study of Underrepresented Classes Chasing Engineering and Science Success
TM	Trademark
TPAC	Trademark Public Advisory Committee
TRAM	Trademark Reporting and Monitoring
TTAB	Trademark Trial and Appeal Board
UAIA	Unleashing American Innovators Act
UKIPO	United Kingdom Intellectual Property Office
URL	uniform resource locator
U.S.C.	United States Code
USPTO	United States Patent and Trademark Office
VEO	volunteer employee organization
WE	Women's Entrepreneurship
WIPO	World Intellectual Property Organization

URL INDEX

Message

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Goal 1: Drive inclusive U.S. innovation and global competitiveness

www.uspto.gov/ExpandingAmericanInnovation

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www.uspto.gov/ProBonoPatents

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www.invent.org/collegiate-inventors

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www.invent.org/programs/camp-invention

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Goal 2: Promote the efficient delivery of reliable IP rights

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https://assignmentcenter.uspto.gov

www.uspto.gov/ip-policy/international-protection/madrid-protocol

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Goal 3: Promote the protection of IP against new and persistent threats

www.uspto.gov/InventorAssistance

www.uspto.gov/TrademarkAssistance

www.uspto.gov/TrademarkSolicitations

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Goal 4: Bring innovation to impact for the public good

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Goal 5: Generate impactful employee and customer experiences by maximizing agency operations

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President Joe Biden presents the National Medal of Technology and Innovation (NMTI) to American bioengineer and US Army veteran Rory Cooper during a ceremony in the East Room at the White House. The NMTI is the nation's highest honor for technological achievement, bestowed by the president of the United States on America's leading innovators. (Photo by Jay Premack/USPTO)

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