U.S. PATENT AND TRADEMARK OFFICE

USPTO Needs to Improve Management over the Implementation of the Trademark Next Generation System

OIG-19-012-A

WHAT WE FOUND

We found that USPTO did not provide effective oversight of TMNG implementation. Specifically, we found that (1) USPTO investment board members did not exercise adequate oversight to correct or terminate underperforming TMNG investments; (2) weaknesses exist in the Capital Planning and Investment Control (CPIC) process; and (3) USPTO provided ineffective project management and oversight for the TMNG examination tool.

TMNG has experienced significant cost growth and schedule delays. The concept for TMNG was in response to the need to replace decades-old systems. In 2011, USPTO initially estimated the TMNG investment to cost approximately $30.3 million, with completion planned for FY 2014. However, July 2017 estimates for TMNG placed the final cost at $260.7 million, with completion planned for 2021—more than eight times the initial estimated cost and 7 years later than originally planned. TMNG’s escalating costs and schedule delays are, in part, the result of inadequate oversight, planning, and a flawed process to correct deficiencies. Consequently, the development of TMNG has been divided into four separate investments, overlapping from fiscal year to fiscal year.

What we recommend

We recommend that the Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office do the following:

1. Ensure the CPIC Review Board (CRB) adheres to the requirements in the CPIC policies and procedures. Specifically, if an investment is identified by the CRB as not meeting expectations as it pertains to schedule, budget, or other factors, ensure that the CRB alerts the IT Investment Review Board with recommendations for appropriate action.

2. Update IT CPIC policies and procedures to establish (a) an attendance requirement for CPIC meetings; (b) that all relevant information is presented to the boards to ensure greater transparency of significant issues; (c) the steps and actions the boards can take when an IT investment is not meeting expectations; and (d) the threshold criteria that the investment boards should use when determining whether to take remedial action.

3. Strengthen USPTO’s IT investment management by ensuring all pending TMNG investments and future IT investments have a complete cost estimate prior to the boards’ recommendation and the CIO’s approval.

4. Improve USPTO’s CPIC process by ensuring CPIC oversight functions are able to verify and ascertain whether completed IT investments were obtained in the most cost-effective way possible.

5. Continue to address outstanding TMNG development issues using the Path Forward Team.

6. Develop improvement plans to mitigate risk of significant, recurring problems with TMNG activities that are covered in the TechStat sessions.