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UNITED STATES PATENT AND TRADEMARK OFFICE

Chief Financial Officer

January 29, 2010

MEMORANDUM FOR Distribution

FROM: Karen Strohecker *Karen Strohecker*
 Acting Chief Financial Officer

SUBJECT: The United States Patent and Trademark Office
 Fiscal Year 2011 President's Budget

Attached is the USPTO's FY 2011 President's Budget. This is a performance budget which aligns with the Director's Strategic Priorities, and the three strategic goals contained in our current strategic plan. The budget is presented by business and performance goals and contains the exhibits that support our funding and staffing requirements.

The FY 2011 President's Budget is a five-year plan designed to:

- Reduce the time to first office action on the merits to 10 months for patent applications by FY 2013.
- Reduce average total pendency to 20 months for patent applications in FY 2014.
- Reach a target patent inventory backlog level of 10 months by FY 2013.
- Invest in information technology (IT) infrastructure and tools to achieve end-to-end electronic processing in Patents and transition the Trademark IT systems to a 21st century environment.

To achieve these performance commitments, the USPTO will:

- Initiate a new hiring model to recruit and hire 1,000 patent examiners annually during FY 2011 and FY 2012. This temporary hiring surge will allow the Patent Corp to reduce the Patent backlog and reach a targeted inventory level.
- Achieve three percent annual efficiency gains in patents through the implementation of new projects such as compact prosecution and training, first action interviews, a reengineered count system, and the international Patent Prosecution Highway/work-sharing effort.

To fund these requirements, the FY 2011 President's Budget requests \$2,322 million or \$435 million more than the enacted appropriation for FY 2010 of \$1,887.

- In FY 2010, the USPTO projects fee collections of \$2,003 million, of which \$1,887 million has been appropriated for use. The USPTO is seeking authority to spend the additional projected collections of \$116 million.
- The FY 2011 budget projects fee collections of \$2,098 million. In addition, the Administration is proposing a 15 percent increase on certain patent fees which is

estimated to generate \$224 million, and fee-setting authority for the Office that would enable the Director to set fees by rule and thus better match fees and costs.

- In addition, the USPTO is establishing an operating reserve to manage operations on a multi-year basis and ensure funds are available to pay the full cost of new patent examiner hires in FY 2013.

Please do not hesitate to call Mark Olechowski, Deputy CFO, or me at 571-272-9200 with your questions.

Attachment

UNITED STATES PATENT AND TRADEMARK OFFICE



FISCAL YEAR 2011 PRESIDENT'S BUDGET

February 2010

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SECTION I – BUDGET HIGHLIGHTS

INTRODUCTION

Innovation is a key driver of the United States economy, and intellectual property (IP) rights play an essential role in fostering innovation and enabling the deployment of innovative goods and services to the marketplace. Currently, American business sectors that rely most heavily on IP protection account for \$5 trillion of gross domestic product (GDP) and employ 18 million workers. In short, America's competitiveness in the global economy hinges largely on IP.

IP will also play a critical role in economic recovery, fueling economic growth and creating jobs. Innovation in science and technology, in particular, are crucial to economic growth and to maintaining America's global competitiveness over the long term.

The United States Patent and Trademark Office's (USPTO) work in fostering innovation is a crucial driver of job creation, economic recovery, and prosperity. We are working hard to make the USPTO more efficient, and to reduce the unacceptably long pendency periods patent applicants face. To do so, we need the many improvements contained in pending patent reform legislation and the additional resources and flexibility to set fees provided by the FY 2011 Budget.

First action patent pendency at the end of FY 2009 was 25.8 months with total pendency at 34.6 months. Reducing patent pendency is a high priority performance goal. Action and the resources provided by the FY 2011 Budget are crucial to address the current challenges at the USPTO, which include unacceptable patent pendency and inventory backlogs that are projected to deteriorate without attention. If action is not taken, by FY 2015 the patent backlog could grow to almost one million cases awaiting action by examiners, first action pendency will reach approximately 30 months and total pendency will reach almost 40 months.

The USPTO is submitting a five-year plan to achieve our goal of an average first action pendency of 10 months, with an average total pendency of 20 months. This plan assumes efficiency improvements of three percent per year brought about by reengineering many USPTO management and operations systems. Even assuming these ambitious efficiency gains, the USPTO estimates that it will need to hire 1,000 patent examiners annually during FY 2011 and FY 2012. This level of hiring is necessary to reduce the inventory of unexamined applications from 705,000 at the end of FY 2010 to 379,000 by the end of FY 2013. The FY 2013 level represents an inventory level of 10 months per examiner. Under this plan, hiring significant numbers of examiners is limited to two years (FY 2011 and FY 2012), and is coupled with implementation of aggressive efficiency initiatives.

First, in FY 2010 the USPTO will be initiating a new hiring model, supported by strong publicity and expanded "nationwide" recruitment, and putting more emphasis on recruiting candidates that have significant IP experience which will reduce training time and allow new personnel to examine applications sooner than an inexperienced new hire. The new model will focus on: (1) hiring experienced professionals such as registered patent attorneys and patent agents, as well as skilled technologists having experience with the USPTO as inventors, and (2) developing a nationwide workforce using telework which will allow us to hire experienced IP professionals interested in joining the USPTO, but who do not want to relocate to the Washington Capital region. It is

expected that this very different hiring demographic will provide a more productive and balanced workforce, lower attrition, and faster transition to productivity for new hires.

In addition to hiring, the USPTO has a number of projects either underway or planned, that will contribute to our pendency reduction plan and improved efficiency. These include: training that would emphasize increased examiner output through a reduction in the number of actions per application disposal; rebalancing incentives to decrease rework and encourage examiners to identify allowable subject matter earlier in the examination process; optimizing examination capacity by, for example, reformulating/redefining performance appraisal plans; initiating compact prosecution initiatives, such as the first action interview program, training, and implementing a quality index report model; a revision to the patent examiner production (count) system; re-engineering the classification system; and our increased international work-sharing effort. It is expected that these and other initiatives will enable us to achieve three percent year-to-year improvements in efficiency.

This Budget request will help establish a sustainable funding model to finance USPTO operations centered on reducing patent pendency and the inventory of unexamined applications, in support of Administration and Departmental goals, and USPTO strategic priorities. The current fee structure does not cover the cost of providing services; therefore, we are proposing an interim fee increase, and requesting legislation to adjust fees by regulation to cover the cost of operations. With these changes, the USPTO will be able to fund the required hiring along with an attendant investment in information technology (IT). The USPTO will also create an operating reserve in FY 2011 to fully fund the cost of patent hiring in FY 2013 and maintain the reserve to protect the agency against unforeseen disruptions in revenue. Together, these will allow the USPTO to deliver on its pendency, quality, IT, and international objectives.

Sustainable Funding

USPTO is a fully fee funded agency (with fee collections appropriated by the Congress), and does not rely on regular funding from the General Treasury. We formulate our Budget with the assumption that fee collections must support operations. In view of the foregoing assumption, one of the USPTO's most immediate strategic priorities is to implement a sustainable funding model that will allow the agency to manage fluctuations in filings and revenues while sustaining operations on a multi-year basis. This includes: (1) ensuring access to fee collections to support the agency's objectives, (2) instituting an interim patent fee increase; (3) pursuing the authority to adjust our fee structure by regulation to better align fees with the cost of providing services, and (4) creating an operating reserve to manage operations on a multi-year basis and thereby protect the agency against unforeseen disruptions in revenue.

As a first step, this budget request proposes an interim increase on patent fees that is projected to generate an additional \$224 million in fee collections in FY 2011. This interim fee increase is necessary to begin addressing the USPTO's backlog and pendency challenges, overhaul the USPTO's IT systems, provide resources to examine applications received in prior years, and make dramatic reductions in pendency over the next three years.

The interim fee increase is a bridge to provide resources until the USPTO obtains fee setting authority and develops a new fee structure that will provide sufficient financial resources in the long term. An adequately funded USPTO will optimize the administration of the U.S. IP system, and thereby move innovation to the marketplace more quickly -- creating and sustaining U.S. jobs and enhancing the health and living standards of Americans. The authority for the USPTO to adjust

fees by regulation is provided by the FY 2011 Budget. Fee setting authority, coupled with maintaining an operating reserve from past fee collections would permit the USPTO to sustain operations and adjust for volatility in the economy and/or demand for products and services without putting the agency at risk.

USPTO Strategic Priorities

With this funding, the USPTO will invest in the following strategic priorities:

- Reduce the time to first office action on the merits to 10 months for patent applications by 2013.
- Reduce average total pendency time to 20 months for patent applications by 2014.
- Improve quality of examination as measured by new metrics developed in conjunction with our Patent Public Advisory Committee (PPAC), Trademark Public Advisory Committee (TPAC) and stakeholders.
- Improve/enhance patent appeal and post-grant processes through management changes, hiring and patent reform legislation.
- Demonstrate global leadership in all aspects of intellectual property policy development.
- Improve information technology infrastructure and tools.
- Implement a sustainable funding model for operations.
- Improve relations with stakeholder community.

This FY 2011 Budget identifies and funds the requirements needed to fulfill these strategic priorities, and sets the USPTO on the path for achieving the Secretary's and the Director's performance goals. The requirements are described in Section II – Budget and Performance by Goal – and funding is requested from the current fee structure with revenues supplemented by the interim patent fee increase.

USPTO FY 2011 Budget and Performance-at-a-Glance

	FY 2009 Actual	FY 2010 Enacted	FY 2011 President's Budget	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
<i>(Dollars in thousands)</i>							
USPTO GOAL 1: OPTIMIZE PATENT QUALITY AND TIMELINESS							
Amount	\$1,634,503	\$1,687,131	\$2,034,210	\$2,175,035	\$2,227,703	\$2,157,371	\$2,126,481
Full Time Equivalent (FTE)	8,565	8,564	9,044	9,572	9,608	9,137	8,706
Allowance Compliance Rate	96.9%	N/A	N/A	N/A	N/A	N/A	N/A
Final Rejection and Allowance Compliance Rate	94.4%	94.5%	95.0%	95.0%	95.5%	95.5%	95.5%
In-Process Examination Compliance Rate	93.2%	N/A	N/A	N/A	N/A	N/A	N/A
Non-Final In-Process Examination Compliance Rate	93.6%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%
Average First Action Pendency/Utility, Plant and Reissue (UPR) (Months)	25.8	25.4	25.8	19.1	10.7	10.9	10.8
Inventory Position (months)	26.0	25.6	17.8	13.2	9.7	9.9	9.8
UPR Units of Production	463,922	454,700	523,600	563,000	580,200	520,200	512,100
Average Total Pendency/UPR (Months)	34.6	34.8	34.4	34.8	28.1	19.7	19.9
USPTO GOAL 1: OPTIMIZE TRADEMARK QUALITY AND TIMELINESS							
Amount	\$184,655	\$192,374	\$235,740	\$238,496	\$242,869	\$255,093	\$267,088
FTE	890	906	906	902	902	938	953
First Action Compliance Rate	96.4%	95.5%	95.5%	95.5%	95.5%	95.5%	95.5%
Final Compliance Rate	97.6%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%
Average First Action Pendency (Months)	2.7	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5
Balanced Disposals	784,990	742,000	753,000	824,000	889,000	975,000	1,067,000
Office Disposals	431,324	339,000	345,000	376,000	406,000	446,000	488,000
Average Total Pendency (Months) Excluding Suspended and Inter Partes Proceedings	11.2	13.0	13.0	13.0	13.0	13.0	13.0
USPTO GOAL 3: IMPROVE INTELLECTUAL PROPERTY PROTECTION AND ENFORCEMENT DOMESTICALLY AND ABROAD							
Amount	\$43,354	\$54,392	\$61,316	\$61,839	\$62,396	\$64,423	\$65,771
FTE	138	144	147	148	148	148	148
Percentage of countries on the USTR 301 list, awaiting WTO accession, or targeted by OIPPE for improvements that have positively amended or improved their IP systems ¹⁾	54%	50%	52%	54%	56%	58%	60%
Number of countries that implement at least 75% of action steps which improve IP protections in their joint cooperation, action or work plans	5	6	6	6	6	6	6
Amounts not supporting goals ²⁾	2,000						
USPTO Requirements	\$1,864,512	\$1,933,897	\$2,331,266	\$2,475,371	\$2,532,968	\$2,476,887	\$2,459,340
FTE	9,594	9,614	10,098	10,622	10,659	10,223	9,808
Fee Collections Available	\$1,880,365	\$1,887,000	\$2,321,724	\$2,443,143	\$2,466,687	\$2,582,037	\$2,680,137
Other Income/Recoveries	\$30,760	\$18,400	\$18,400	\$18,400	\$18,400	\$18,400	\$18,400
Funding to(-) / from(+) Operating Reserve	(\$46,613)	\$28,497	(\$8,857)	\$13,828	\$47,881	(\$123,551)	(\$239,197)
TOTAL FUNDING	\$1,864,512	\$1,933,897	\$2,331,266	\$2,475,371	\$2,532,968	\$2,476,887	\$2,459,340

1) USTR = United States Trade Representative; WTO = World Trade Organization; OIPPE = Office of Intellectual Property Protection and Enforcement.

2) Amount transferred to the Department of Commerce (DOC) Office of the Inspector General.

BUDGET REQUEST SUMMARY

The USPTO requires \$2,331 million and 10,098 FTE in FY 2011 to (1) fund the current services baseline¹, (2) address expected workload changes², and (3) implement initiatives to improve performance³. This includes funds to restore critical spending cuts taken in FY 2009 and 2010 (for example, by hiring replacements for vacant positions that were frozen during FY 2009), and to make investments in its strategic priorities, primarily patent pendency reduction and improving IT infrastructure and tools.

The USPTO anticipates fee collections during FY 2011, under the current fee structure, to be \$2,098 million. In addition, the USPTO is proposing an interim increase on patent fees that would generate an additional \$224 million, for total fee collections of \$2,322 million in FY 2011 to fund the requirements for putting the USPTO on a sustainable path to fund agency operations, reduce patent inventory and pendency, and invest in IT.

FY 2010 fee collections are currently projected to grow by almost seven percent compared to FY 2009, with total collections estimated to be \$2,003 million, or \$116 million above the enacted level. The difference between the FY 2010 authorized level and the current fee projections represents one of the inherent complexities with our funding model and the difficulties in managing operations without sufficient operating reserve to address fluctuations in filings and collections while maintaining multi-year operational plans.

For FY 2011, the required amount of \$2,331 million is the funding needed for the agency to begin returning operations to a sustainable level and begin implementing its strategic priorities. The following are highlights of how funds would be used:

Workload Initiatives:

- Patent Processing and Reducing Time to Patent First Office Action and Total Patent Pendency Times: Hire 1,000 patent examiners in FY 2011⁴ and in FY 2012, restore overtime, outsource Patent Cooperation Treaty (PCT) Chapter I applications, and hire Administrative Patent Judges to address ex parte appeals workload growth.
- Demonstrate Global IP Policy/International Leadership: Restore funds to meet international hosting, continue IP awareness programs, and support the Office of the Chief Economist.
- Corporate Support: Begin to restore funding that enables support organizations to appropriately serve the increased USPTO population.

Performance Improvement Initiatives:

- Invest in IT Infrastructure and Tools to achieve end-to-end electronic processing in Patents and the movement of Trademark IT systems to a 21st Century environment.

¹ Current services baseline is the projection that results from continuing current law or policies through the period covered by the budget.

² Workload initiatives include activities that address all demands by customers, the public and other entities that the USPTO provide a product or service, generally in exchange for a fee payment

³ Initiatives to improve performance include activities that improve the delivery of products and services

⁴ Both strategic priorities and prioritization of applications might lead to higher numbers in the outyears.

Operating Reserve:

- In FY 2011, the USPTO will allocate \$47 million in patent fee collections to an operating reserve that will be available to fund the full outyear cost of the new FY 2011 and FY 2012 patent examiner hires and protect the agency against unforeseen fee disruptions. The use of an operating reserve is consistent with the USPTO practice for retaining prior authorized and unexpended revenues for expenditure in the subsequent fiscal years. For example, in FY 2011, the existing surplus from prior year authorized and unexpended trademark collections will be used to offset the cost of current year trademark requirements relative to fee income.

The table below summarizes how the USPTO will allocate its resources in FY 2011.

FY 2011 Patent and Trademark Business Table

<i>(Dollars in thousands)</i>	Patents		Trademarks		Total USPTO	
	\$	FTE	\$	FTE	\$	FTE
FY 2010 Enacted Budget	1,669,294	8,674	217,706	940	1,887,000	9,614
Revised FY 2010 Fee Collections	1,785,302		217,706		2,003,008	
Unavailable Offsetting Collections	(116,008)		0		(116,008)	
Funds currently appropriated, FY 2010 ¹⁾	1,669,294	8,674	217,706	940	1,887,000	9,614
Other Income / Recoveries	16,466		1,934		18,400	
Operating Reserve Carried Forward for FY 2010 Requirements	92,224		(9,056)		83,168	
FY 2010 Base Program Level ²⁾	1,777,985	8,674	210,584	940	1,988,568	9,614
Pay Inflation Adjustments	98,972	213	4,972	(5)	103,945	207
Non Pay Inflation Adjustments	6,129		860		6,989	
Total Adjustments- to-Base	105,101	213	5,832	(5)	110,933	207
FY 2011 Current Service Level ³⁾	1,883,086	8,886	216,416	935	2,099,502	9,821
Workload Initiatives:						
Patent Processing	103,123	255	-	-	103,123	255
IP Policy /International	1,979	-	634	-	2,613	-
Corporate Support	2,781	16	946	6	3,727	22
Performance Improvement Initiatives:						
Investment in IT	89,580	-	32,720	-	122,300	-
Total Program Changes	197,464	271	34,300	6	231,764	277
FY 2011 USPTO Program Level	2,080,550	9,157	250,716	941	2,331,266	10,098
FY 2011 Existing Fee Structure	1,886,322		211,397		2,097,719	
FY 2011 Patent Fee Increase ⁴⁾	224,004		-		224,004	
Other Income / Recoveries	16,725		1,675		18,400	
Funding to (-) /from (+) Operating Reserve	(46,501)		37,644		(8,857)	
Total Funding	2,080,550		250,716		2,331,266	

- 1) USPTO can only spend to the enacted fee collection level of \$1,887 million. Appendix 3: USPTO Fee Collections and Estimates details how fee estimates have evolved
- 2) In anticipation of the original projected decline in collections in FY 2010, USPTO limited spending in FY 2009 to help fund FY 2010; thereby highlighting the need for multi-year planning and an operating reserve.
- 3) Reflects the FY 2011 cost of continuing operations at the same resource level as of the end of FY 2010.
- 4) USPTO is requesting a interim increase on most patent fees to help fund its strategic priorities which include funding the cost of work received in prior years which will reduce the inventory of unexamined patent applications.

FY 2011 CHALLENGES

The USPTO has identified the following challenges that continue to impact agency operations.

Economy and Demand for Intellectual Property

There is a strong correlation between economic conditions in the United States and other countries and the demand for IP rights. Since the USPTO is pivotal to the success of innovators by processing patent and trademark applications, the challenge for the USPTO is to position itself with all of the operational flexibilities needed to ensure it can withstand periodic fluctuations in the economy.

USPTO Financing Model

The recent decline in USPTO fee income was exacerbated by the reliance on a single year revenue stream and the USPTO's financing method for patents that was created in the early 1980s. The current patent fee structure establishes below-cost filing fees to encourage entry into the patent process. Fees during the examination process are also below cost. These costs are then supposed to be recovered by higher back-end fees, such as patent issuance and maintenance fees. These fees are paid at the end of the examination process by those who are successful in obtaining patent rights and who wish to maintain those rights for the full patent term. The public policy behind this approach was the view that by keeping financial barriers to entry low, inventors can share their innovations with the public by filing patent applications.

The economic downturn of FY 2009 exposed the business risks and potential instability associated with this policy. It relies on the core assumption that patent allowance and maintenance collections will both remain stable and actually grow steadily in a sufficient amount to fund the cost of examinations. The impact of the economic downturn combined with an expanding operation to address successive years of unexamined applications exacerbated these inherent vulnerabilities as revenue failed to keep pace with cost increases. In mid-FY 2009, as fee collections slowed, USPTO realized a significant revenue gap compared to planned operations as issuance and maintenance fee collections declined. We believe that the decline in maintenance and application submittals stemmed directly from the financial constraints that the nation's most innovative companies were facing. During the nation's economic downturn, companies that routinely maintained a patent for its full term and bore the associated fees, strategically cut these costs. Thus, it is clear that the USPTO's current funding methodology and its related fee structure is not the basis for a sustainable business model.

The situation underlying funding for the trademark operations is very different. Although more than half of all fees are typically collected from new trademark application filings in one year, filings declined by more than 12 percent, while revenues declined by less than six percent. The impact on operations was much less because trademark inventories were already at optimal levels and prior year authorized funding or operating reserve was available although not needed.

Operating as a performance-based organization and a conscientious steward of the public's money, the USPTO's Budget for FY 2011 includes:

- A requirements-based budget with more transparency in costs and budgeting.
- Continued implementation and deployment of a multi-year strategic plan that confronts and solves pendency and backlog, while ensuring quality and moving to a 21st Century IT platform.

- Full access to fee collections based on its “requirements-based” budget.
- Fee setting authority to implement a new fee structure, which is under development.
- An operating reserve that permits the USPTO to adjust for unexpected revenue changes without putting the agency at operational risk, and to permit the USPTO to undertake long-term strategies for improvement in a financially sensible way.
- Flexibility for the USPTO to access up to \$100 million in collections that are received above the initial estimate contained in the Budget.

Make Efficiency Gains for the Future, While Improving Patent Quality

The USPTO continues to confront the need to address the growth of patent pendency and the backlog of patent applications waiting to be examined and the increasing backlog of appeals, while improving patent quality. The USPTO must address the dual challenges of heavy workloads and a shift of applications from traditional arts to more complex technologies. To address these challenges, the USPTO needs to hire, train and retain examiners, using a very different hiring and development model than it has in the past, while at the same time implementing major process improvements in its patent examination workflow and management.

Continue to Move to an Electronic Workplace and Replace and Modernize the USPTO's Information Technology Infrastructure

The USPTO's IT systems are outdated, to the point where they regularly crash – leaving thousands of employees stranded without productive work to do, and where they present a debilitating obstacle to virtually every improvement initiative undertaken by management.

The USPTO must address the challenge of modernizing its IT infrastructure. The agency will work to implement major IT improvements focused on program areas that cover technology, organization, personnel and performance, as described in Section II, under the overarching management priorities.

Global and Domestic Leadership to Improve Intellectual Property Systems At Home and Abroad

The USPTO is committed to leading, and improving IP policy both domestically and abroad. Achieving this goal requires having a strategic viewpoint of IP and producing data-driven analysis of the role IP plays in fostering innovation and creativity. It also requires deepening the dialogue on global IP policy, facilitating technical cooperation and capacity building with foreign countries, and surveying and exchanging information on the current status of IP rights protection and administrative systems. In many countries, improving the IP system will also require increased attention to enforcement of IP rights. Finally, meeting the challenge of an increased workload will require cooperation and information exchange (“work-sharing”) among IP offices throughout the world.

FY 2011 APPROPRIATION LANGUAGE AND EXPLANATION OF CHANGES

Salaries and Expenses

For necessary expenses of the United States Patent and Trademark Office (USPTO) provided for by law, including defense of suits instituted against the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, [\$1,887,000,000] \$2,321,724,000, to remain available until expended: *Provided*, That the sum herein appropriated from the general fund shall be reduced as offsetting collections assessed and collected pursuant to 15 U.S.C. 1113 and 35 U.S.C. 41 and 376, are received during fiscal year [2010] 2011, so as to result in a fiscal year [2010] 2011 appropriation from the general fund estimated at \$0: *Provided further*, That during fiscal year [2010] 2011, should the total amount of offsetting fee collections be less than [\$1,887,000,000] \$2,321,724,000, this amount shall be reduced accordingly: *Provided further*, That any amount received in excess of \$2,321,724,000 in fiscal year 2011, in an amount up to \$100,000,000, shall remain available until expended: *Provided further*, That from amounts provided herein, not to exceed \$1,000 shall be made available in fiscal year [2010] 2011 for official reception and representation expenses: *Provided further*, That in fiscal year [2010] 2011, from the amounts made available for "Salaries and Expenses" for the USPTO, the amounts necessary to pay: (1) the difference between the percentage of basic pay contributed by the USPTO and employees under section 8334(a) of title 5, United States Code, and the normal cost percentage (as defined by section 8331(17) of that title) of basic pay, of employees subject to subchapter III of chapter 83 of that title; and (2) the present value of the otherwise unfunded accruing costs, as determined by the Office of Personnel Management, of post-retirement life insurance and post-retirement health benefits coverage for all USPTO employees, shall be transferred to the Civil Service Retirement and Disability Fund, the Employees Life Insurance Fund, and the Employees Health Benefits Fund, as appropriate, and shall be available for the authorized purposes of those accounts: *Provided further*, That sections 801, 802, and 803 of division B, Public Law 108-447 shall remain in effect during fiscal year [2010] 2011: *Provided further*, That the Director may, this year, reduce by regulation fees payable for documents in patent and trademark matters, in connection with the filing of documents filed electronically in a form prescribed by the Director: [Provided further, That from the amounts provided herein, no less than \$4,000,000 shall be available only for the USPTO contribution in a cooperative or joint agreement or agreements with a non-profit organization or organizations, successfully audited within the previous year, and with previous experience in such programs, to conduct policy studies, including studies relating to activities of United Nations Specialized agencies and other international organizations, as well as conferences and other development programs, in support of fair international protection of intellectual property rights.] *Provided further*, That there shall be a surcharge of 15 percent, rounded by standard arithmetic rules, on fees charged or authorized by sections 41(a), (b), (d) (1) and 132(b) of title 35, United States Code, as administered under Public Law 108-447 and this Act: *Provided further*, That the surcharge established under the previous proviso shall be separate from, and in addition to, any other surcharge that may be required pursuant to any provision of title 35, United States Code: *Provided further*, That the surcharge established in the previous two provisions shall take effect on the date that is 10 days after the date of enactment of this Act, and shall remain in effect

during fiscal year 2011: *Provided further, That the receipts collected as a result of these surcharges shall be available to the United States Patent and Trademark Office without fiscal year limitation, for all authorized activities and operations of the Office.*

Explanation of Proposed Changes to Appropriation Language

Proposed Change	Explanation
<p>For necessary expenses of the United States Patent and Trademark Office (USPTO) provided for by law, including defense of suits instituted against the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, [\$1,887,000,000] \$2,321,724,000, to remain available until expended:</p> <p><i>Provided, That the sum herein appropriated from the general fund shall be reduced as offsetting collections assessed and collected pursuant to 15 U.S.C. 1113 and 35 U.S.C. 41 and 376, including any authorized surcharges related to such fees, are received during fiscal year [2010] 2011, so as to result in a fiscal year [2010] 2011 appropriation from the general fund estimated at \$0:</i></p>	<p>Changes the amount available to the USPTO in FY 2011.</p>
<p><i>Provided further, That any amount received in excess of \$2,321,724,000 in fiscal year 2011, in an amount up to \$100,000,000, shall remain available until expended:</i></p>	<p>Requests that any excess fee collections in an amount up to \$100 million be made available to the Office.</p>
<p><i>Provided further, That sections 801, 802, and 803 of division B, Public Law 108-447 shall remain in effect during fiscal year [2010] 2011:</i></p>	<p>Extends the changes to patent and trademark fee amounts and practices to FY 2011 to give USPTO sufficient resources, while the agency develops a new fee structure to be implemented via regulation.</p>
<p><i>[Provided further, That from the amounts provided herein, no less than \$4,000,000 shall be available only for the USPTO contribution in a cooperative or joint agreement or agreements with a non-profit organization or organizations, successfully audited within the previous year, and with previous experience in such programs, to conduct policy studies, including studies relating to activities of United Nations Specialized agencies and other international organizations, as well as conferences and other development programs, in support of fair international protection of intellectual property rights.]</i></p>	<p>Proposed for deletion, as this was a short-term requirement.</p>
<p><i>Provided further, That there shall be a surcharge of 15 percent, rounded by standard arithmetic rules, on fees charged or authorized by sections 41(a), (b), (d)(1) and 132(b) of title 35, United States Code, as administered under Public Law 108-447 and this Act: Provided further, That the surcharge established under the previous proviso shall be separate from, and in addition to, any other surcharge that may be required pursuant to any provision of title 35, United States Code: Provided further, That the surcharge established in the previous two provisions shall take effect on the date that is 10 days after the date of enactment of this Act, and shall remain in effect during fiscal year 2011: Provided further, That the receipts collected as a result of these surcharges shall be available to the United States Patent and Trademark Office without fiscal year limitation, for all authorized activities and operations of the Office</i></p>	<p>Establishes an interim increase for patent fees, which would yield an estimated \$224 million in additional revenue. These funds would be used to begin implementation of the USPTO's strategic priorities.</p>

General Provisions

Sec. 110. Regulatory Fee-Setting Authority for the United States Patent and Trademark Office.-

- (a) For fiscal year 2011, the Director of the United States Patent and Trademark Office shall have authority to set or adjust by rule any fee established or charged by the Office under sections 41 and 376 of title 35, United States Code, or under section 31 of the Trademark Act of 1946 (15 U.S.C. 1113), for the filing or processing of any submission to, and for all other services performed by or materials furnished by, the Office, provided that patent and trademark fee amounts are in the aggregate set to recover the estimated cost to the Office for processing, activities, services and materials relating to patents and trademarks, respectively, including proportionate shares of the administrative costs of the Office.*
- (b) Such fees shall be available only to the extent provided in advance in subsequent appropriations Acts.*
- (c) Provisions for discounts for small business concerns shall remain in effect.*

Explanation of Proposed Changes to General Provisions of Appropriation Language

Proposed Change	Explanation
<p><i>Sec. 110. Regulatory Fee-Setting Authority for the United States Patent and Trademark Office.-</i></p> <p><i>(d) For fiscal year 2011, the Director of the United States Patent and Trademark Office shall have authority to set or adjust by rule any fee established or charged by the Office under sections 41 and 376 of title 35, United States Code, or under section 31 of the Trademark Act of 1946 (15 U.S.C. 1113), for the filing or processing of any submission to, and for all other services performed by or materials furnished by, the Office, provided that patent and trademark fee amounts are in the aggregate set to recover the estimated cost to the Office for processing, activities, services and materials relating to patents and trademarks, respectively, including proportionate shares of the administrative costs of the Office.</i></p> <p><i>(e) Such fees shall be available only to the extent provided in advance in subsequent appropriations Acts.</i></p> <p><i>(f) Provisions for discounts for small business concerns shall remain in effect.</i></p>	<p>Provides authority to set fees by regulation to recover the estimated cost of operations.</p>

FY 2011 BUDGET REQUIREMENTS BY BUSINESS LINE

As a result of the American Inventors' Protection Act of 1999 (Public Law 106-113), the USPTO operates as a performance-based organization with two mission-driven business lines – Patents and Trademarks. The USPTO administers the patent and trademark laws [15 U.S.C. §113 and 35 U.S.C. §41 and 376], which provide protection to inventors and businesses for their inventions and corporate and product identifications. The USPTO also encourages innovation and scientific and technical advancement of American industry through the preservation, classification, and dissemination of patent and trademark information. In addition, the USPTO provides technical advice and information to Executive Branch agencies on IP matters and the trade related aspects of IP rights, and assists governments of other countries in establishing regulatory and enforcement mechanisms that meet their international obligations to protect IP.

Patent Business Line

The core mission of the Patent business line is to examine applications and grant valid patents in accordance with the law. This is accomplished by comparing the claimed subject matter of an inventor's application for a patent to a large body of existing technological information to determine whether or not the claimed invention is new, useful, and non-obvious to someone knowledgeable in that subject matter. In the course of examining patent applications, examiners make determinations on patentability, issuing notices of allowances if the application meets the condition to be entitled to a patent, for completeness. Examiners prepare answers to briefs in appeals contesting actions rejecting an application, make holdings of abandonments, recommend institution of interference proceedings to determine priority of invention, and act on other post-examination issues in accordance with the provisions of 35 U.S.C. and 37 C.F.R.

Trademark Business Line

The core mission of the Trademark business line is to register marks that meet the requirements of the Trademark Act of 1946, as amended, and provide notice to the public and businesses of the trademark rights claimed in the pending applications and existing registrations of others. With such notice, readily available at <http://www.uspto.gov>, a business can make an informed decision when it wishes to adopt a new mark or expand the goods or services marketed under an existing mark. Federal registration provides enhanced protection for the owner's investment in the mark and in the goods and services sold under the registered mark.

Full Costing of the Patent and Trademark Business Lines

Based on the current fee structure, it is possible for operational resource requirements to exceed fee collections on an annual basis. This fee structure had its genesis in legislation that was crafted almost 30 years ago to fully recover operational costs from customers, promote patent activity while mitigating the impact on small businesses and independent inventors, and foster use of the Federal trademark registration system. Costs to examine and process patent work are substantially subsidized by successful patent holders with fees due upon issuance and post-issue (maintenance) of allowed patents. In order to maintain current operations and reduce the backlog of unexamined patent applications, which have accumulated over successive years when filings exceeded resources, patent fees need to be adjusted to recover this heightened cost of operations. Fees are planned to be set at a level that will provide for multi-year budget plans, including an operating reserve.

FY 2011 President's Budget

Trademark fees have been set to recover 100 percent of the cost of operations. Prior year surpluses of authorized and unexpended revenues have been used to create an operating reserve that will be used in 2011 to offset the cost of current year requirements relative to fee income. Operating reserves, which are included in our four part financing strategy, have successfully been used to mitigate the impact of annual fluctuations in filings without disrupting operations while maintaining performance.

In the aggregate, collections generated from fees for patent work support all patent-related activities, and collections generated from fees for trademark work support all trademark-related activities. Funding at the business line level includes the processing activities associated with the receipt and examination of patent and trademark applications, and the issuance of patents and the registration of trademarks.

In addition, the business line funding also includes executive and policy leadership, quality review and training, and the development and maintenance of all automated information systems in support of patent and trademark activities. Finally, funds are used for shared or overarching activities carried out by other USPTO organizations, such as program administration, internal operations, and human and financial resource management.

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SECTION II – BUDGET AND PERFORMANCE BY GOAL

The USPTO submitted its *2007-2012 Strategic Plan* in March 2007. The USPTO has revalidated its mission statement, vision and goals, and identified new strategic priorities and implementation plans to meet the challenges currently facing the organization.⁵

Mission Statement

Foster innovation and competitiveness by providing high quality and timely examination of patent and trademark applications, guiding domestic and international intellectual property policy, and delivering intellectual property information and education worldwide.

Vision and Goals

The USPTO vision is to *lead the Nation and the world in intellectual property protection and policy.*

In order to achieve this vision, the agency promotes the IP systems of the future to keep American innovators competitive in the global economy, and works to transform the agency into a quality-focused, highly productive and responsive organization. The USPTO strategic plan is in alignment with the Department's goal to foster science and technological leadership by protecting IP, and the related objective to protect IP and improve the patent and trademark systems.

The *2007-2012 Strategic Plan* established three strategic goals which are still guiding Office operations.

Goal I	Optimize Patent Quality and Timeliness
Goal II	Optimize Trademark Quality and Timeliness
Goal III	Global and Domestic Leadership to Improve Intellectual Property Protection and Enforcement Worldwide

Strategic Priorities

The USPTO has supplemented its goals with the following new strategic priorities. These are shared or over-arching priorities in that they require input from, and collaboration among, multiple USPTO organizations.

Strategic Priorities

- Reduce the time to first office action on the merits to 10 months for patent applications by 2013.
- Reduce average total pendency time to 20 months for patent applications by 2014.
- Improve quality of examination as measured by new metrics developed in conjunction with our PPAC, TPAC and stakeholders.
- Improve/enhance patent appeal and post-grant processes through management changes, hiring and patent reform legislation.
- Demonstrate global leadership in all aspects of IP policy development.
- Improve IT infrastructure and tools.
- Implement a sustainable funding model for operations.
- Improve relations with stakeholder community.

The following is a summary description of each priority.

⁵ An Interim Adjustment to the *2007-2012 Strategic Plan* is included as Appendix #3.

Patent Pendency Reduction. The USPTO has adopted an aggressive patent pendency reduction agenda. The average total pendency at the end of FY 2009 was 34.6 months and the USPTO is committed to reducing first action and total pendency to 10 months and 20 months respectively.

The USPTO is instituting a new, more transparent measure related to the backlog of unexamined applications. The traditional first action pendency measure, a lagging indicator, reflects work that has already received a first action, which is an important indicator for applicants, but not necessarily reflective of work waiting to be completed. The new "inventory position" (in months) measure relates the current backlog to the capacity of the agency to complete that work and is more reflective of the first action pendency of the unexamined backlog. This additional leading indicator measure will allow the agency to have visibility into the process from a forward-looking perspective. Under this budget, the number of cases awaiting examiner action will be reduced from 705,000 cases at the end of FY 2010 to 379,000 cases at the end of FY 2013 for an inventory position of 10 months.

Analysis, Measurement and Tracking of Patent Quality. The USPTO is reengineering its Patent quality management program from top to bottom to focus on improving the process for obtaining the best prior art, as well as improving the quality of the initial application and the entire examination and prosecution process. The USPTO is seeking public comment with respect to methods that may be employed by applicants and the USPTO to enhance the quality of issued patents, to identify appropriate indicia of quality, and to establish metrics for the measurement of the indicia. The public is being asked to comment on items that impact patent quality and to address patent process inefficiencies with the aim of simultaneously improving patent quality while reducing overall application pendency.

In addition, the USPTO is monitoring quality at each major step in the application, prosecution, and examination processes. The goal is to reduce duplication of work and increase examination efficiency and quality, and thereby reduce pendency.

Improving Trademark Quality. Trademarks continues to demonstrate high levels and sustained improvement of the search and examination process, with 96.4 percent of first actions and 97.6 percent of final actions meeting statutory and compliance rates for quality of decision making and writing. A new measure of examination quality will be established to focus on the excellence of the entire office action. This new measure will improve upon the quality that has been achieved. The criteria are being developed in collaboration with input from Trademark user groups in order to validate standards for measuring "excellence." The standards will be base lined in 2010 to develop a target for 2011 performance.

Following issuance of the Bose decision by the Court of Appeals for the Federal Circuit, Trademarks will determine what actions, if any, are needed by the USPTO to ensure accuracy of use and intent to use declarations for all listed goods and services in applications and registrations. This will be done by collecting user community feedback on needs and appropriate actions, and consulting with trademark owners, the trademark bar, and the TPAC about the best options.

Improve/Enhance Patent Appeal and Post-Grant Processes. To improve/enhance processes, the Board of Patent Appeals and Interferences (the Board or BPAI) will employ a number of strategies, including:

- Reducing the number of appeals filed by strengthening and improving pre-appeal conferences, providing quality feedback to Patents to improve patentability determinations, improving final rejections and after-final practice, and exploring the possibility of returning some appeals to the Examining Corps for evaluation.
- Increasing Board productivity by developing and implementing: plans for more efficient chamber operations, approaches to allow for shorter opinions, ex parte rules to improve appellate practice to allow for efficient decision making, and Judges' new performance appraisal plans.
- Increasing Board production capacity by hiring additional Patent Attorneys and Judges, and expanding the chambers program.
- Optimizing Board appeals workflow by developing and implementing approaches to reduce returns by reforming ex parte rules, conducting process analysis from Notice of Docketing to mailing Board Decision on Appeal, and significantly reducing processing times.
- Transforming the Board to a judicial tribunal. This will be done by broadening the vision of Judges to an USPTO executive focus, increasing focus and awareness of the Judges' role in settling disputes, and promoting a culture of service to others.

Demonstrate global leadership in all aspects of IP policy development. The USPTO is an important component in the strategy to encourage American innovation and strengthen the nation's ability to compete in the global economy. America's economic strength and global leadership depend on continued innovation. As new technology emerges, it is the responsibility of the USPTO to adapt and improve the U.S. IP system; to ensure that foreign IP offices are similarly focused on improvements, and to assist in protecting the IP rights of United States' business interests abroad. In part, the latter two objectives are achieved by maintaining foreign postings of IP experts to advocate U.S. IP policy, interests, and initiatives, as well as a robust program of IP-related training and capacity-building for foreign governments.

Improve IT infrastructure and tools. The USPTO's vision for IT tools of the future incorporates electronic government endeavors to reduce data center costs, increase utilization and efficiency of IT assets, and transition to cloud computing. While a significant portion of these IT improvement initiatives are in the concept and planning phase, USPTO is beginning to define high-level functional and technical requirements to modernize USPTO's patent and trademark platforms by redesigning current systems' architectures and business processes in order to modernize USPTO's processing capabilities. This will align technical solutions with patent and trademark application processing goals. We are currently defining the high-level plan that will meet the Office of Management and Budget's requirements for capital planning and investment review and USPTO's enterprise architecture and life cycle methodology. This plan will help minimize risk and maximize returns and operating efficiencies throughout the system's life cycle.

Implement a sustainable funding model for operations. This USPTO strategic priority encompasses obtaining authority to set fees by regulation and developing a sustainable fee structure for operations. There are inextricably linked components that are necessary to realize a sustainable funding model for the USPTO: The first is to secure interim funding authority to provide the USPTO with increased resources to address prior year workloads and begin improving performance. Next, this strategy includes obtaining fee setting authority to reform the USPTO fee structure to provide sufficient financial resources to enable innovation and optimize the administration of the U.S. IP system. In addition, this strategy includes creating an operating

reserve to manage multi-year operational plans and protect the agency against unforeseen disruptions in revenue. An additional component is the necessity for the USPTO to have full access to all of its fee collections through the appropriations process, as requested by the Budget.

Improve relations with stakeholder community. Under this priority, the USPTO will enhance its communications with applicants, legislators, employees, and the public. For example, in addressing its quality initiatives the Trademark organization will consult first with the TPAC and then with trademark owners and the trademark bar. Similarly, as the Patent organization continues to implement its strategic plan, it will consult regularly with the PPAC.

The following sub-sections provide detailed information as to how the USPTO plans to meet its strategic priorities.

GOAL I: OPTIMIZE PATENT QUALITY AND TIMELINESS

Patent Program

Today, economic success depends on intangible, information-based assets and industries, which cut across traditional economic sectors. As the clearinghouse for U.S. patent rights, the USPTO is an important catalyst for U.S. economic growth. Through the prompt granting of patents, the USPTO promotes the economic vitality of American business, paving the way for investment, research, scientific development, and the commercialization of new inventions. The USPTO also promotes economic vitality by ensuring that only valid patent applications are approved for granting, thus providing certainty that enhances competition in the marketplace.

To reap the benefits of their innovations, applicants often rely on the legal rights associated with a patent. Congress and the public have recognized that “pendency,” or the time an application remains with the USPTO until a final decision is made – as having a direct impact on American competitiveness.

Implementing the types of changes needed to fully realize the outcomes of a more efficient and effective examination process requires reducing patent pendency times, improving quality of examination, and improving/enhancing patent appeal and post-grant processes.

Goal I Strategic Priorities

Strategic Priorities	Strategies
<ul style="list-style-type: none"> ▪ Reduce the time to first office action on the merits to 10 months for patent applications by 2013. ▪ Reduce average total pendency to 20 months for patent applications by 2014. 	<ul style="list-style-type: none"> ▪ Develop and implement a comprehensive pendency reduction plan ▪ Improve examination process and prosecution efficiencies
<ul style="list-style-type: none"> ▪ Improve quality of examination as measured by new metrics developed in conjunction with the PPAC and stakeholders. 	<ul style="list-style-type: none"> ▪ Utilize analytics to redefine patent quality measurement ▪ Refine training strategies to improve quality of examination
<ul style="list-style-type: none"> ▪ Improve/enhance patent appeal and post-grant processes through management changes, hiring and patent reform legislation. 	<ul style="list-style-type: none"> ▪ Increase BPAI production capacity and productivity, optimize BPAI appeals workflow, reduce the number of appeal briefs that are filed, and transform the Board to a Judicial Tribunal
<ul style="list-style-type: none"> ▪ Improve IT infrastructure and tools. 	<ul style="list-style-type: none"> ▪ Provide end-to-end processing of patent applications in XML standard
<ul style="list-style-type: none"> ▪ Implement a sustainable funding model for operations. 	<ul style="list-style-type: none"> ▪ Reform USPTO’s fee structure to provide sufficient financial resources to enable innovation and optimize the administration of the U.S. IP system

Goal I FY 2011 Requirements

The USPTO requires an additional \$194 million and 268 FTE to sustain operations, and begin funding strategic priorities, for a total FY 2011 funding level of \$2,034 million and 9,044 FTE. These resource requirements are above the current fee estimate for FY 2011, and are premised on implementation of a fee increase in FY 2011. If resources are not increased in FY 2011, these activities would not be funded, resulting in increased backlogs and pendency times.

Strategic Priorities: Patent Pendency/Quality

Patent Examiner Hires – Funds are requested to hire 1,000 patent examiners in FY 2011. This will enable the USPTO to make progress on its patent pendency reduction plan by reducing the backlog of pending cases to 10 months of inventory by the end of FY 2013. Failure to fund the needed level of examiner hires (600 in FY 2010, 1,000 in each of FY 2011 and FY 2012, and then 100 a year

thereafter through FY 2015) will have significant negative impact on pendency and backlog reduction. Current and future fee collections will also be negatively impacted due to the reduction and delay in revenue generating examination. Funds are also included for new hire-related support costs.

Dollars in thousands	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$25,483	\$88,433	\$87,687	\$6,266	(\$80,406)

Overtime – Funds are required for overtime payments to patent examiners and Technical Support Staff (TSS). The payment of overtime to patent examiners significantly contributes to production, and thus has a positive impact on both pendency and backlog reduction, without the need to hire new staff. Overtime is also used to increase production among the TSS who are responsible for entering amendments in pending applications, and processing new applications, which in turn impacts pendency and examiner efficiency. This in turn affects backlogs and fee collections.

Dollars in thousands	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$26,899	\$30,932	\$32,566	(\$14,250)	(\$14,250)

PCT Outsourcing – Funds are required to continue outsourcing international search reports and written opinions from the USPTO as an International Searching Authority (ISA) under the PCT. Investments in outsourcing will enable the USPTO to meet the PCT time frames for issuance of the required reports, and enable the USPTO to focus its resources towards reducing the backlog of pending national applications. If the PCT contract is not funded, PCT filings will have to be examined by examiners resulting in fewer U.S. national applications being processed, which equates to fewer fee collections and reduced production.

Dollars in thousands	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$23,900	\$24,532	\$25,099	\$25,764	\$26,380

Workload Processing – A number of Patents' largest contracts (e.g., publication and printing) are driven by the growth and increasing experience and productivity of the examination workforce. This work that is being driven by examiner production and output must be funded commensurately in order to continue processing work and issuing patents. Funding this activity would avoid a negative impact on patent pendency and future fee collections.

Dollars in thousands	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$12,195	\$34,388	\$43,675	\$46,541	\$47,381

Training – Funds are required to support the training of the 1,000 new patent examiners, and for examiner technical training. Currently, all training, including law school and examiner technical training, has been suspended. Failure to fund training will negatively impact the professional growth and development of patent examination staff.

Dollars in thousands	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$1,360	\$10,331	\$11,047	\$11,868	\$12,105

FY 2011 President's Budget

Restructuring the Manager Award Program -- Funds are required to provide incentives at the group and/or individual level (including manager awards) to reduce actions in compact prosecution. The new Manager award system will be used to incentivize Patent managers to coach and mentor employees, reduce overall application pendency and the backlog of pending applications, ultimately improving quality.

<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

Logistical Support – Funds are required for logistical support in conjunction with patent processing. Specifically, funds would be used for policy and legal production staff to support greater patent examination throughput as well as changes to the examination process as a result of various initiatives. Funds are also included for analytical and administrative support for examiner supervisors, which would free up supervisory time for examiner training and various quality, workflow and pendency initiatives.

<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$4,036	\$4,974	\$5,189	\$5,409	\$5,632

Strategic Priority: Improve IT Infrastructure and Tools

Patent End-to-End Processing – Funds are needed to transition the patent application process to one in which the majority of applications are submitted, handled and prosecuted electronically. The enterprise architecture currently in place is inadequate and unable to evolve to meet the demands of the future. Image File Wrapper, the primary USPTO database, is already the world's largest Oracle database and continues to grow at multiple terabytes per year giving rise to the possibility of catastrophic failure. The continued dependency on inefficient and outdated automation will lead to an inability to support the USPTO mission of granting IP rights and dissemination of technology.

<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$50,000	\$40,000	\$30,000	\$30,900	\$31,827

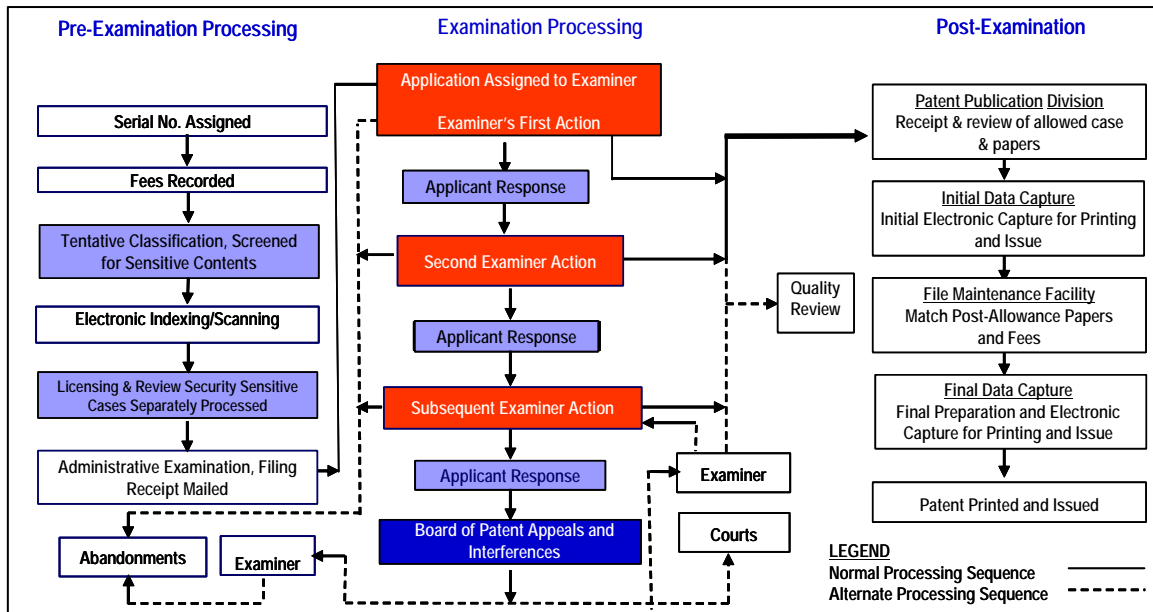
Strategic Priority: Improve/Enhance Patent Appeal and Post-Grant Processes

Hiring – Funds are required to address historic ex parte appeal workload growth resulting from patent hires between FY 2006 through FY 2010. The BPAI is docketing an average of 500 additional ex parte appeals each bi-week. To address this workload, funds are required to fill 56 vacant positions, and bring the staffing level of the Board up to 249 positions. The failure to fill these positions is delaying decisions on appeals – approximately 3,000 appeals will not be decided in FY 2010, allowing pendency after briefing is concluded to rise to over 17 months by the end of FY 2011. The anticipated cost of increased workload in the outyears due to the hiring of additional patent examiners through FY 2013 is also included.

<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$8,251	\$11,185	\$14,501	\$17,539	\$19,684

Base Program

The portion of the Patent Process that is funded from base resources (\$1,840 million and 8,776 FTE) is shown on the following schematic and description.



Research and Filing (Not shown on schematic)

The USPTO plays a critical role in supporting applicants in filing patent applications by providing tools for customers to prepare and file their applications with the office. This support consists of the public search rooms at USPTO's facilities, external search systems, support for the Patent and Trademark Depository Libraries, customer service call center, and outreach activities.

This aspect of the process also entails the Office's responsibility to register attorneys and agents to practice before the Office, particularly maintenance of the roster of attorneys and agents for public use, e-filing and recording assignments.

Pre-Examination Processing

When a patent application is received at the USPTO, the office conducts an administrative review to determine compliance with requirements for form, content, adequacy, and payment of appropriate fees. Currently, more than 80 percent of patent applications are filed electronically. If the application is filed in paper form, it is converted to an electronic image. From this point forward, the application is managed electronically, including assignment of the official filing date and application tracking number, and inputting the patent bibliographic data (e.g., filing date, priority date, abstract) in the Patent Application Location Monitoring (PALM) system.

Most applications are subject to the pre-grant publication process, whereby the application is published 18 months after the earliest effective filing date.

Examination Processing

In this stage, the application is placed on the docket of one of the approximately 6,200 UPR and design patent examiners working in one of the nine technology centers. During the examination process, the patent examiner compares the application's subject matter to a large body of technological information to determine the patentability of the claimed invention, whether or not the

invention is new, useful, non-obvious, adequately described or enabled, and claimed in definite terms that are clearly understood by individuals knowledgeable in that subject matter.

Integral support for the patent examination process is provided by the patent scientific, technical and classification services. A patent classification system is maintained by subject matter to provide electronic access to all U.S. and foreign patents and related technical literature used for searching. The current examiner search files contain more than 10.6 million U.S. patent documents and 31.5 million foreign patent documents. Examiners also have access to over one thousand commercial databases containing non-patent technical literature documents.

During the search and patentability review, the patent examiner generally performs a first and second office action on the merits, which can include any of the following actions: office action of rejection, final rejection, abandonment or notice of allowance.

If the applicant has received two actions from the examiner and disagrees with the position of the examiner, the applicant can appeal the examiner's decision by filing a notice of appeal and an appeal brief. The examiner may file an examiner's answer to the appeal brief. The BPAI will make a decision based upon the record.

Post-Examination Processing

Patent issuance occurs after the examiner has allowed the application, and the issue fee has been paid. The application is then prepared for issue, printing, and publication in a weekly edition of the electronic Official Gazette for dissemination to the public. Post issue activities also include processing withdrawals and assignments, and disseminating information regarding patents.

Maintenance of Patent Term

The granted UPR patent has a maximum term fixed by law – 20 years from the application filing date, plus any required patent term adjustments or extensions. In order to maintain the protection right during this period, patent maintenance requires the payment of fees in three stages – at 3.5, 7.5 and 11.5 years after issue.

Policy and Rulemaking (Not shown on schematic)

Another critical component of the patent examination process is policy and rulemaking. This consists of implementing Court decisions, publishing rules for public comment and then publishing final rules, and maintaining the Manual of Patent Examining Procedures.

Other

To accommodate the large number of patent examiners and improve efficiencies and productivity, several efforts have been implemented that will continue to be funded through base resources. Examples include:

Revision to the Patent Examiner Production System (Count System). The USPTO and its patent professional employee union have agreed to a new production crediting system that places greater emphasis on complete and thorough initial examination, decreases redundancy, and encourages quicker resolution of issues in the patent examination process. This fundamental design is aimed at improving quality and reducing rework, thereby resulting in a decrease in the overall application backlog and the pendency period for applications.

Increased International Work-sharing, including through the PPH. Work-sharing is an important tool for speeding the processing of applications filed in multiple jurisdictions by enabling patent

offices to avail themselves of work done by other participating patent offices. Typically, applicants must file different applications for their inventions in each country in which they seek patent protection, leading to multiple searches and examinations in various countries. This process is inefficient and is manifested by delays in processing, additional costs for applicants, and duplication of work in the patent offices around the world. Through work-sharing, an office can minimize redundancy by utilizing the work already done by another, thereby expediting the patent examination process.

The Patent Hoteling Program, where examiners are able to work from home.

Externally focused pilots that are designed to improve quality and efficiencies include the First Action Interview pilot which improves the information placed before the patent examiner via substantive interviews between the applicant and the examiner. Based upon comments and suggestions from the public, the Office is applying the pilot to a variety of art areas, and is modifying the program to enhance efficiency and provide more options to participants.

The Quality Assurance Program, whereby the USPTO is seeking input from stakeholders on how quality should be measured. A Federal Register Notice has been published asking for stakeholders' comments on quality. New quality measures will be introduced based on this feedback. In the meantime, the agency shifted resources from end-process review to place more emphasis on front-end quality and reviewing non-final actions in order to prevent unnecessary re-work. This approach also allows the agency to focus on final disposition of applications, including proper final rejections as well as allowances.

The USPTO has recently given all of its patent examiners detailed Training in efficient interview techniques, and compact prosecution. These are all targeted to streamline the examination process by working with the applicants to identify and resolve issues early in the process, thereby reducing patent application backlogs and overall pendency times.

Resources are also used for other USPTO organizations that directly support this goal, such as the BPAI, for conducting Post-Examination Hearings and deciding appeals from examiner adverse decisions concerning patent applications, and conducting interference proceedings to make final determinations as to questions of priority of invention; and to support a significant portion of the Office of Enrollment and Discipline (OED).

Resources are also used for the maintenance of the Automated Information Systems which directly support the patent process, as follows:

- The PALM system provides current application file location, status, title, legal representation, and other statistics about examiner production, docket information, and maintenance fee payments.
- The Examiner Automated Search Tool (EAST) is a client-based system that provides search and retrieval capabilities from the desktop. It provides a single user interface that can be used to search for prior art of any type and integrates with other activities performed by patent examiners in order to reduce the time required to examine applications.
- The Web-Based Examiner Search Tool (WEST) is USPTO's Web based search tool. The USPTO deployed a browser-based client as a means to attract more examiners to use automated search tools. The rationale was that browser based clients are more intuitive and therefore more user friendly.

FY 2011 President's Budget

- Patents-on-the-Web provides the public with access to the full text of U.S. patents, including bibliographic data, the abstract, description of the invention and the claims.
- The Public Patent Application Information Retrieval system (Public PAIR) allows the public to search by application/patent/publication number, and view or download documents.
- The Electronic Filing System (EFS Web) is a web-based patent application and document submission solution that enables users to submit PDF documents directly to the USPTO, while providing all the benefits of paper filing, including an electronic receipt that acknowledges the filing date.
- The Image File Wrapper (IFW) is a document and application management system that captures images of new applications, follow-on papers and outgoing correspondence, which are indexed and used for end-to-end processing.
- The Office Action Correspondence Subsystem (OACS) allows examiners to write and edit their office actions and send them electronically to be approved and then mailed out to the applicant.

Finally, patent resources are used in support of activities such as patent executive direction and policy leadership, in addition to other indirect costs that are allocated to programs and activities using the results of the Activity Based Information (ABI) methodology.

GOAL 1: OPTIMIZE PATENT QUALITY AND TIMELINESS

Resource Requirements, Target and Performance Summary

<i>(Dollars in thousands)</i>	FY 2009 Actual	FY 2010 Enacted	FY 2011 President's Budget	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
Total Resource Requirements	\$1,634,503	\$1,687,131	\$2,034,210	\$2,175,035	\$2,227,703	\$2,157,371	\$2,126,481
↳ Direct Obligations	1,629,162	1,679,823	2,026,902	2,167,727	2,220,395	2,150,063	2,119,173
↳ Reimbursable Obligations	5,341	7,308	7,308	7,308	7,308	7,308	7,308
IT Funding (included above)	196,260	179,951	286,055	282,891	277,739	283,602	289,684
FTE Totals	8,565	8,564	9,044	9,572	9,608	9,137	8,706

Patent Performance Measures/Targets

<i>(Dollars in thousands)</i>	FY 2009 Actual	FY 2010 Enacted	FY 2011 President's Budget	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
Allowance Compliance Rate	96.9%	N/A	N/A	N/A	N/A	N/A	N/A
Final Rejection Allowance Compliance Rate	94.4%	94.5%	95.0%	95.0%	95.5%	95.5%	95.5%
In-Process Examination Compliance Rate	93.2%	N/A	N/A	N/A	N/A	N/A	N/A
Non-Final In-Process Examination Compliance Rate	93.6%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%
Average First Action Pendency/UPR (Months)	25.8	25.4	25.8	19.1	10.7	10.9	10.8
Inventory Position (Months)	26.0	25.6	17.8	13.2	9.7	9.9	9.8
Average Total Pendency/UPR (Months)	34.6	34.8	34.4	34.8	28.1	19.7	19.9
Efficiency	\$3,523	\$3,530	\$3,723	\$3,712	\$3,694	\$3,968	\$3,971
Applications Filed Electronically	82.5%	90.0%	92.0%	93.0%	94.0%	96.0%	97.0%
UPR Units of Production	463,922	454,700	523,600	563,000	580,200	520,200	512,100
UPR Applications Filed	460,924	456,400	456,300	470,000	488,500	507,600	527,400
UPR Applications Filed Percent Change Over Previous FY	(0.5%)	(1.0%)	0.0%	3.0%	3.9%	3.9%	3.9%
UPR Disposals	457,897	450,200	513,100	551,800	568,600	509,700	501,900
UPR Issues	166,706	181,000	198,700	216,600	225,400	209,400	201,100
UPR First Actions	469,946	459,200	534,100	574,300	591,800	530,600	522,400
UPR Examiners On-Board at End-of-Year	6,145	6,277	6,756	7,181	6,732	6,323	5,942
Applications Awaiting First Office Action	718,835	705,000	614,400	496,300	378,800	343,000	335,500

GOAL II: OPTIMIZE TRADEMARK QUALITY AND TIMELINESS

Trademark Program

Trademarks have served an important purpose throughout recorded history, as owners of goods and services put their names on their products. In the 21st century, trademarks represent valuable business properties, serving as the symbol of a company's good will and the products and services it offers. By registering trademarks, the USPTO has a significant role in protecting consumers from confusion as well as providing important benefits to American businesses.

A mark registered with the USPTO serves as prima facie evidence of ownership and the right to use the mark, and can provide access to the Federal court system. The registration can be recorded with U.S. Customs and Border Protection in order to stop the importation of infringing goods. Most importantly, the registration serves as notice to the world of the owner's claim of right in the trademark.

Today, a business developing a new mark to identify its goods or services can search and discover via the USPTO Web site nearly two million marks in which others claim rights, and then subsequently file an application for registration.

The Trademark goal will be achieved by:

- Continually assessing the process for improvements, hiring and retaining a qualified workforce, and assigning work.
- Completing electronic processing and workflow to better manage operations.
- Maximizing the use of e-government for conducting business with applicants and registrants.
- Improving Trademark Trial and Appeal Board (TTAB) case processing.

Goal II Strategic Priorities

Strategic Priorities	Strategies
<ul style="list-style-type: none"> ▪ Improve IT infrastructure and tools. ▪ Improve quality of examination 	<ul style="list-style-type: none"> ▪ Move existing IT systems to modern environments ▪ Determine if there is a need to change current law or practice regarding identifications of goods and services in trademark applications ▪ Establish criteria for evaluating "excellent office actions"
<ul style="list-style-type: none"> ▪ Demonstrate global leadership in all aspects of IP policy development. 	<ul style="list-style-type: none"> ▪ Anti counterfeiting education ▪ Customs Recordation Project
<ul style="list-style-type: none"> ▪ Implement a sustainable funding model for operations. 	<ul style="list-style-type: none"> ▪ Reform USPTO's fee structure to provide sufficient financial resources to enable innovation and optimize the administration of the U.S. IP system

For four years in a row, Trademarks has met and exceeded all of its performance targets. The number one priority is to separate Trademark IT systems and create a virtual environment to support the next generation of Trademark IT.

The Trademark quality initiative is based on improving examination quality by determining excellence of the entire Office Action, which expands upon the existing first and final action standards for correct decision making. The Trademark organization is working with four large

interest groups to determine what they consider to be indicators of “excellence” in developing a metric to evaluate standards for measuring “excellence”.

Goal II FY 2011 Requirements

The USPTO requires an additional \$33 million and 6 FTE to carry out programs in support of Goal II, for a total FY 2011 funding level of \$236 million and 906 FTE. The resources are devoted to improving Trademark IT, and for the core mission activities related to trademark processing, as shown on the schematic and in the high-level summary description under Base Program below.

Trademark Workload Outyear Requirements

The FY 2011 Trademark request level represents no new hires for the current year. However, filings are projected to increase by nearly 39 percent from FY 2011 to FY 2015 due to the forecasted recovery of the U.S. economy. Historical data shows a correlation between application filings and the strength of the economy and individual businesses. Growth in examining attorney FTE to process the increase in filings and maintain quality and pendency goals is projected to be about 15 percent over the same period. This examining attorney FTE rate takes into account four years of attritions and no new hires until FY 2013, at which time hiring will resume in response to increasing application filings. Projected increases in the out-years are beyond the rate of inflationary adjustments, to support the projected increases in application filings

<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$0	\$1,902	\$5,308	\$11,424	\$17,084

Strategic Priority: Improve IT Infrastructure and Tools

Trademarks Next Generation – Funds are requested to virtualize, improve, and physically separate trademark automated information systems (AISs) from other USPTO AISs. Resources would be used to move trademark legacy AISs and/or develop new AISs to run in “virtual” architectures, and then migrate them all to a cloud computing environment:

- *Virtualize Trademarks Automated Information Systems* – Comply with federal mandates aimed at making trademark AISs capable of running in a cloud computing environment. The first step is to expedite the migration of trademark AISs to a virtual architecture.
- *Move to Cloud Computing*, which provides scalable, reliable, and flexible features that allow AIS workloads to be spread across multiple servers. Some federal agencies are currently establishing cloud computing contracts that will provide the generic hosts needed to host virtual AISs. Once the cloud environment is available, the USPTO will start to move its virtualized trademark AISs to the cloud.

The new environment would be user friendly and allow trademark owners greater access and interaction with the Office.

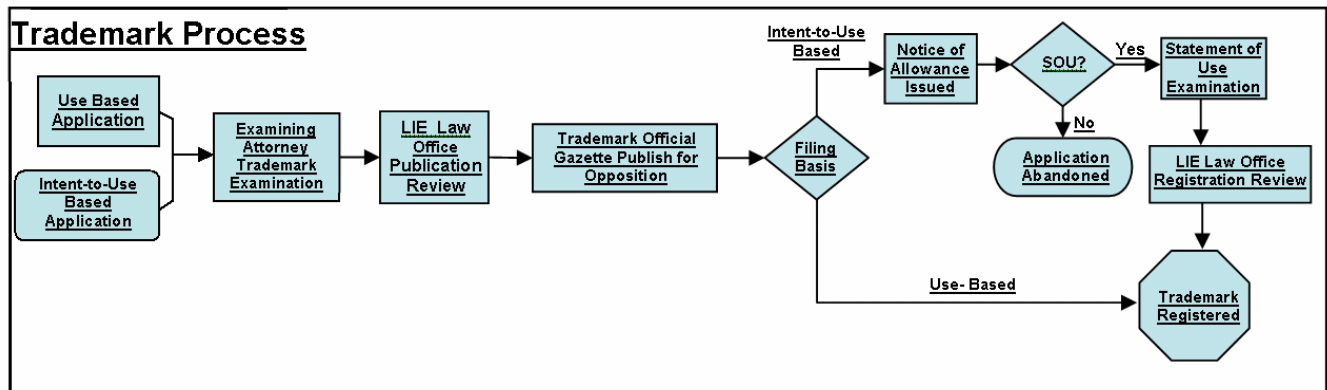
<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$22,300	\$17,300	\$12,600	\$12,978	\$13,367

Base Program

The portion of the Trademark Process that is funded from base resources (\$202 million and 901 FTE) is shown on the following schematic and description.

The trademark process begins when a customer becomes interested in registering a trademark or desires information on trademarks and proceeds to submit a trademark application based on a mark currently used, or intended for use, in commerce. During the examination process, trademark examining attorneys evaluate applications for compliance with current trademark laws, regulations, and policies. At this time, the applicant may submit amendments and the examining attorney may issue amendments or refuse registration unless certain requirements are met. Upon completion of the examination process, a trademark application enters the publication process for inclusion in the Official Gazette. Those marks that pass the opposition period move along to issuance of either a trademark registration, for an application based on use, or a notice of allowance, for an application based on intent to use.

The examination of trademark applications consists of the activities shown on the following schematic, and in the high-level summary description of the process that follows:



Research and Applicant Activity (Not shown on schematic)

The USPTO plays a critical role in providing notice of marks in use, or for which there is an intent to use, through its on-line resources of registered and pending trademarks. Prior to filing an application for registration, establishing or investing in a mark, a business owner would be able to survey existing marks in use or proposed for use by utilizing tools available for customers to prepare and file their applications with the office. This support consists of the public search rooms at USPTO’s facilities, external search systems, support for the Patent and Trademark Depository Libraries, customer service call center, and the Trademark Assistance Center.

Input Processing

More than 97 percent of trademark applications for registration of a mark are filed electronically, and 62 percent are processed electronically from receipt to disposal. When an application is received at the USPTO, it is subject to a quality review process. In that process the electronically tagged application data is reviewed to add the international classification and design search codes that facilitate searching. The tagged data in a trademark application is transferred automatically to the appropriate data fields in trademark electronic automated systems. Trademark automated systems are the source for application data that is used in the processing and examination of trademarks. The automated systems are also the source of the Official Gazette, which provides

notice of marks approved by examiners, and those in use and maintained by registrants, and which is available to the public through the USPTO Web site. Initial examination also encompasses the processing of applications filed under the Madrid Protocol.

Examination

One of the nearly 400 Trademark examining attorneys will determine if the mark in each newly filed application is entitled to registration under the provisions of the Trademark Act. As part of the process, the examining attorney conducts a search of prior filed and registered marks to evaluate if a conflict exists between the mark in the application and a previously filed application or registration. Examining attorneys evaluate many types of marks, such as trademarks, service marks, certification marks, and collective membership marks against the criteria for registrability set out in the Trademark Act of 1946, as amended, and make a determination of registrability. The examining attorney searches a database of about 1,500,000 registered marks and nearly 500,000 pending marks in order to determine if the mark in the subject application is confusingly similar to an existing mark.

Post Examination Processing and Appeals

An approved application is published prior to registration to provide notice to interested parties who may file an opposition to registration. Marks based on use in commerce that are unopposed are registered. Marks filed based on intent to use receive a notice of allowance following the opposition period, if they are unopposed, with registration occurring following issuance of a Notice of Allowance by the Office and subsequent filing and acceptance of a Statement of Use from the applicant.

Administrative Trademark Judges on the TTAB review adverse registrability determinations by examining attorneys, at the applicant's request, conduct opposition hearings where an interested party believes that it will be harmed by the registration of a published mark and conduct other proceedings involving registrations where a third party wishes to challenge the validity of a registration.

Maintenance of Trademark Registration

Between the fifth and the sixth year after registration and at ten-year intervals after registration or renewal, a registrant must file an affidavit and proof that the mark shown in the registration is being used in commerce, or that grounds for excusable non-use exist. Failure to file the required affidavit and proof of use results in cancellation of the registration. These requirements serve to remove trademarks from the register when the marks are no longer in use.

Policy and Rulemaking (Not shown on schematic)

Interpret and provide guidance on trademark rules of practice through examination guides and manuals, provide notice to external customers of changes in rules or practice in the office, implement treaty obligations, and develop training materials to ensure consistency of practice within the office.

Other

To improve efficiencies and productivity, several efforts have been implemented that will also continue to be funded through base resources toward accomplishing this goal. Examples include:

Quality is an important component of the examination process that is funded through base resources. The results of an examiner's first and final office action are reviewed for the quality of the substantive basis for decision making, search strategy, evidence, and writing. Based on the data collected from those reviews, the agency has targeted both electronic and traditional training initiatives addressing specific problem areas. In addition, this program provides prompt feedback to examining attorneys when their work products are reviewed. Specific comments on any work product, which is either "excellent" or "deficient," are sent to the appropriate examining attorney and supervisor. As a result, training takes place on the micro level, with specific feedback, as well as on the macro level, with training modules that address trends, targeting topics that warrant improvement. Examiners have the opportunity to take a series of self-paced e-learning tutorials, as part of the USPTO's commitment to improve quality of examination and ensure that all examiners possess the knowledge, skills and abilities necessary to perform their jobs. New e-learning modules are implemented throughout the year based on topics that are identified through quality review evaluations.

Trademarks will continue to Improve Examination Quality by establishing a new quality measure that focuses on the excellence of the entire Office Action to supplement existing measures that assess correct decision making. Input from Trademark user groups will be incorporated in order to validate standards for measuring "excellence."

Following the Bose decision, the USPTO will determine what actions, if any, are needed to ensure accuracy of use and intent to use declarations for all listed goods and services in applications and registrations.

Funds are allocated to the TTAB for Appeals and Inter Partes Proceedings. Board judges review, at an applicant's request, adverse registrability determinations by trademark examining attorneys. They also conduct opposition hearings when a third party believes that an allowed application may be adverse to the party's competitive or proprietary interests, and handle proceedings involving registrations where a third party wishes to challenge the validity of a registration.

As part of the Strategic Priority to Demonstrate Global Leadership in all Aspects of IP Policy Development, Trademarks will partner with External Affairs to develop public awareness of effects of trademark counterfeiting and piracy. Trademarks, in conjunction with External Affairs and the Office of the Chief Information Officer (OCIO), will begin working with Customs and Border Patrol to develop an on-line system to permit Trademark owners to request Customs recordation when filing for a federal Trademark registration. This will increase the ability of Trademark owners to enforce IP rights against counterfeit goods.

In addition, base resources are used for the costs of maintaining Automated Information Systems that directly support the trademark process, including dedicated trademark support personnel who serve as business process experts in working with the OCIO organization. Major systems include:

- The Trademark Reporting and Monitoring System (TRAM), which supports all facets of trademark operations from receipt of new application to the publication of the Trademark Official Gazette and post-registration activities, and includes a database consisting of bibliographic text and prosecution history data.
- The Trademark Search System (X-Search), an automated search application which provides the necessary access mechanism to search the trademark database. Users can enter queries and retrieve results which include images in display and print format.

- TEAS, which provides users with the ability to submit their trademark applications and responses to examiner actions electronically over the Internet.
- The Trademark Electronic Search System (TESS), which enables members of the public to search pending and registered trademarks using a web browser over the Internet.
- The Trademark Application and Registration Retrieval System (TARR), which provides customers with access to trademark status information via the Internet; i.e., for applications and registrations as identified by the associated serial number or registration number.
- The Electronic System for Trademark Trials and Appeals (ESTTA) which allows customers to make electronic filings for TTAB appeals and inter partes cases.
- The TTABVUE electronic proceeding file systems.

Finally, trademark resources are used in support of activities such as trademark executive direction and policy leadership, in addition to other indirect costs that are allocated to programs and activities using the results of the ABI methodology.

GOAL II: OPTIMIZE TRADEMARK QUALITY AND TIMELINESS

Resource Requirements, Targets and Performance Summary

<i>(Dollars in thousands)</i>	FY 2009 Actual	FY 2010 Enacted	FY 2011 President's Budget	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
Total Funding	\$184,655	\$192,374	\$235,740	\$238,496	\$242,869	\$255,093	\$267,088
↳ Direct Resource Requirements	183,979	191,450	234,816	237,572	241,945	254,169	266,164
↳ Reimbursable Obligations	675	924	924	924	924	924	924
IT Funding (included above)	50,270	46,321	83,244	80,019	76,574	78,237	79,962
FTE Totals	890	906	906	902	902	938	953

Trademark Performance Measures/Targets

<i>(Dollars in thousands)</i>	FY 2009 Actual	FY 2010 Enacted	FY 2011 President's Budget	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
First Action Compliance Rate	96.4%	95.5%	95.5%	95.5%	95.5%	95.5%	95.5%
Excellent Office Action 1/	--	--	TBD	TBD	TBD	TBD	TBD
Final Compliance Rate	97.6%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%
Average First Action Pendency (Months)	2.7	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5
Average Total Pendency (Months) Excluding Suspended and Inter Partes Proceedings	11.2	13.0	13.0	13.0	13.0	13.0	13.0
Efficiency	\$474	\$607	\$727	\$674	\$635	\$608	\$581
Applications Processed Electronically	62%	65%	68%	71%	74%	78%	81%
Total Balanced Disposals	784,990	742,000	753,000	824,000	889,000	975,000	1,067,000
Applications Received – (Includes Additional Classes)	352,051	356,000	374,000	397,000	431,000	474,000	518,000
Applications Filed Percent Change Over Previous FY	(11.8%)	1.1%	5.1%	6.1%	8.6%	10.0%	9.3%
Total Office Disposals	431,324	339,000	345,000	376,000	406,000	446,000	488,000
Total Registrations	241,637	218,000	221,000	241,000	261,000	286,000	313,000
Total First Actions	372,830	353,000	358,000	391,000	423,000	463,000	507,000
Examining Attorneys On-Board at End-of- Year	389	372	364	357	404	433	479
First Action Compliance Rate	96.4%	95.5%	95.5%	95.5%	95.5%	95.5%	95.5%
Excellent Office Action ¹⁾	--	--	TBD	TBD	TBD	TBD	TBD

1) The criteria for this measure will be developed in FY 2010 and the target will be base lined for establishing the targets for FYs 2011-2015.

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GOAL III: GLOBAL AND DOMESTIC LEADERSHIP TO IMPROVE INTELLECTUAL PROPERTY PROTECTION AND ENFORCEMENT WORLDWIDE

International/Policy Program

The USPTO is an important component of the Obama Administration strategy to encourage American innovation and strengthen the nation's ability to compete in the global economy. America's economic strength and global leadership depend on continued innovation. It is the responsibility of the USPTO to ensure that the U.S. IP systems continually adapts to new technological advancements; to ensure that foreign IP offices similarly adapt and improve their IP systems; and to assist in protecting the IP rights of United States' businesses abroad. In part, the latter two goals are achieved by maintaining foreign postings of IP experts to advocate U.S. Government IP policy, interests, and initiatives, as well as a robust program of IP-related training and capacity-building for foreign governments.

To keep competitive in an increasingly globalized business environment, U.S. businesses need as much certainty as possible in the creation and protection of their IP, both at home and abroad. Losses due to counterfeiting and piracy seriously undermine businesses' ability to trade globally. Additionally, the costs and difficulties in obtaining IP protection globally and preserving and enforcing these rights are an impediment for many businesses.

The USPTO believes that the attributes of quality, timeliness, cost-effectiveness, transparency, and the rule of law are universally applicable to legal systems, examination systems, and any international framework dedicated to the protection and enforcement of IP rights. The USPTO continues to work diligently to improve its IP system and to improve IP laws and practices worldwide. Most recently, USPTO efforts in this area has been assisted through the establishment of an Office of the Chief Economist.

In its role as policy advisor on IP matters, the USPTO continues to promote policies that enhance competitiveness for U.S. businesses abroad. The USPTO continues to advocate policies to streamline obtaining IP protection in various countries and negotiates agreements to protect and enforce U.S. IP interests abroad. Furthermore, the USPTO continues to expand its assistance to innovators and businesses on how to obtain, protect, and enforce IP rights in other countries, and assist with dispute resolution when problems occur.

Goal III Strategic Priorities

Strategic Priorities	Strategies
<ul style="list-style-type: none"> ▪ Demonstrate global leadership in all aspects of IP policy development. 	<ul style="list-style-type: none"> ▪ Develop data-driven IP policies aimed at accelerating innovation across all business models and industries ▪ Identify and implement approaches to simplify, streamline and harmonize IP laws, procedures and practices ▪ Reinvigorate and integrate international work-sharing (PCT, PPH) into USPTO operations ▪ Maintain ongoing bilateral, Trilateral and IP initiatives ▪ Conduct internal revalidation of all Trademark-related domestic and international initiatives ▪ Improve the process/system to validate use or intended use of Trademark registrations

Strategic Priorities	Strategies
	<ul style="list-style-type: none"> ▪ Develop new, creative approaches to international enforcement issues ▪ Revalidate copyright-related domestic and international initiatives ▪ Reinforce the view that strong IP enforcement is consistent with certain exceptions and limitations, such as access to copyrighted materials by the blind and visually impaired
<ul style="list-style-type: none"> ▪ Implement a sustainable funding model for operations. 	<ul style="list-style-type: none"> ▪ Reform USPTO's fee structure to provide sufficient financial resources to enable innovation and optimize the administration of the U.S. IP system

Goal III FY 2011 Requirements

For FY 2011, the USPTO will allocate \$61 million and 147 FTE to carry out programs in support of Goal III. Of this amount, \$4.4 million and 3 FTE are required to enable the agency to begin returning operations to a sustainable level. A portion of these resources are above the current fee estimate for FY 2011, and are premised on the successful approval and implementation of a patent surcharge in FY 2011.

Strategic Priority: Demonstrate Global Leadership in all Aspects of IP Policy Development

Funds are required in FY 2011 for three activities to demonstrate global leadership:

- Office of the Chief Economist – Funds are required to support the Office of the Chief Economist, which is responsible for producing rigorous, data-driven studies on the role of IP in promoting innovation, jobs, and economic growth. These studies may also provide the information necessary to further fine-tune the U.S. IP system so that it promotes innovation across all industries and business models.
- Hosting Responsibilities – The USPTO has responsibility for hosting meetings between organizations/offices in order to advance the international policy agenda of the agency, such as patent harmonization and long-term work sharing solutions. Upcoming meetings are: The IP5 (Europe, Japan, China, Korea, and the United States); Patent Prosecution Highway meetings (offices participating in the work-sharing program); the Joint Commission on Commerce and Trade (a Secretarial level meeting between the United States and China); and the APEC/IPEG meetings, and a Global IP Heads of Offices Forum in 2011.
- Global IP Academy (GIPA) Programs – GIPA's role is to outreach to stakeholders in other countries on IP protection and enforcement. Funds are required to fulfill certain treaty obligations to provide training to developing and least developed countries and countries implementing Free Trade Agreements (FTAs). Although some funding for these activities may come from reimbursable agreements, the USPTO is responsible for sponsoring a number of participants from such countries where funding sources are not otherwise available.

<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$950	\$413	\$420	\$426	\$433

Funds are required in FY 2011 for two activities to promote IP Awareness:

Funds are required for country-specific public IP awareness and educational programs and workshops. These programs, which can be held either domestically or in the country of interest, focus on IP issues faced by U.S. businesses in entering the foreign country's market.

FY 2011 President's Budget

Funds are also required for The Advertising Council Campaign to continue the Inspiring Invention Ad Council campaign, which has been successful and still has the potential to reach many more young people with the message “Anything’s Possible. Keep Thinking.” Performance under the new contract will consist of two rounds of creative development, with a pro-bono ad agency identified by the Ad Council, which will result in a minimum of three new television ads, as well as three to four new radio ads, two to three new billboard ads and a myriad of interactive on-line ads and other leveraged media. The campaign is designed to encourage “tweens” (kids aged 8-11) to engage their own inventiveness, learn about the importance of America’s IP system and consider careers in science, technology and invention. Based on experience for the first three years of the campaign, USPTO received an estimated \$40 million in donated advertising, which will be lost if funding is not made available.

<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$1,663	\$1,318	\$300	\$1,342	\$1,366

Base Program

To Protect IP and Curb IP Theft, External Affairs supports the USTR, the DOC, the Department of State and other Agencies to improve the enforcement of IP rights at home and abroad. This includes providing assistance with drafting, reviewing, and the implementation of IP obligations in bilateral and multilateral treaties and trade agreements. In addition, External Affairs participates in the ongoing negotiations, such as negotiations on the Anti-Counterfeiting Trade Agreement, a state-of-the-art agreement to combat counterfeiting and piracy, as well as the TransPacific Partnership Agreement, an agreement similarly intended to more effectively combat the proliferation of counterfeit and pirated goods.

External Affairs, as part of STOP!, manages an anti-counterfeiting information hotline that helps small and medium-sized businesses leverage U.S. Government resources to protect their IP. The USPTO responded to more than 700 hotline calls in FY 2009.

As part of its work to Simplify and Streamline International IP Practice, the USPTO meets with the Heads of Office of the other four largest IP Offices (Europe, Japan, Korea and China) and within the Trilateral cooperation framework (the European Patent Office (EPO), the Japan Patent Office (JPO) and the USPTO) to advance progress. In the area of patents, such meetings have recently focused on cooperative work sharing initiatives and to develop foundation tools to support work sharing.

External Affairs is responsible for establishing concrete PCT and PPH based Work-sharing Partnerships with other IP offices. These partnerships permit each Office to benefit from work previously done by the other Office, resulting in reductions in examination workload and improved patent quality. The USPTO currently has 10 agreements in place.

External Affairs also establishes Technical Cooperative Agreements with IP offices in other countries, such as China to improve effectiveness of IP systems through the exchange of information, best practices, and participating in trademark and copyright technical capacity building activities; and for reviewing the possibility of establishing patent related work sharing initiatives and to develop foundation support tools to facilitate work sharing.

As part of its responsibility to give Domestic IP Policy Guidance, External Affairs provides advice and technical assistance within the Administration and to Congress on patent, trademark, and IP-

related legislation and policy matters, and provides timely information and analysis of proposed initiatives to address operational and budgeting challenges. External Affairs also works closely with other parts of the DOC and with agencies throughout the Administration on a wide variety of policy initiatives that involved IP.

To Shape IP Law and Policy Through Precedential Decisions, External Affairs works with the Office of General Counsel to help the TTAB and the BPAI issue more decisions that affect agency practice and substantive law.

The Global IP Academy (GIPA) Delivers IP Education Worldwide. This includes:

- High-level capacity building and technical assistance training to foreign government officials (judges, prosecutors, customs officials, IP enforcement personnel, as well as officials from IP offices).
- Providing patent officials from other countries with patent examiner training at the Patent Training Academy, with financial support from those countries.
- Conducting advanced trademark examination program for examiners from other IP offices, such as Brazil and India. The program provides the senior examiners with an in-depth analysis of the U.S. approach to the examination of trademark applications.
- Organizing and hosting capacity-building joint projects, such as those conducted with the Asia Pacific Economic Cooperation (APEC); the Association of South East Asian Nations (ASEAN); and the Pacific Islands Forum (PIF) capacity-building events.
- Conducting study tour programs on IP rights enforcement and the U.S. legal system for foreign government judges and prosecutors.

The USPTO has relationships with federal agencies that share the goal of bringing awareness of IP rights to small and medium enterprises (SMEs). Under an agreement between the USPTO and the Minority Business Development Agency (MBDA), USPTO delivers IP-related presentations for regional directors of business centers.

Finally, patent and trademark revenues fund activities such as international/policy executive direction and policy leadership, in addition to other indirect costs that are allocated to programs and activities using the results of the ABI methodology.

GOAL III: GLOBAL AND DOMESTIC LEADERSHIP TO IMPROVE INTELLECTUAL PROPERTY PROTECTION AND ENFORCEMENT WORLDWIDE

Resource Requirements, Targets and Performance Summary

<i>(Dollars in thousands)</i>	FY 2009 Actual	FY 2010 Enacted	FY 2011 President's Budget	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
Total Resource Requirements	\$43,354	\$54,392	\$61,316	\$61,839	\$62,396	\$64,423	\$65,771
↳ Direct Obligations	43,231	54,224	61,148	61,671	62,228	64,255	65,603
↳ Reimbursable Obligations	123	168	168	168	168	168	168
IT Funding (included above)	7,199	6,669	8,675	8,922	9,099	9,279	9,467
FTE Totals	138	144	147	148	148	148	148

International/Policy Performance Measures/Targets

<i>(Dollars in thousands)</i>	FY 2009 Actual	FY 2010 Enacted	FY 2011 President's Budget	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
Percentage of countries on the USTR 301 list, awaiting WTO accession, or targeted by OIPPE for improvements that have positively amended or improved their IP systems	54%	50%	52%	54%	56%	58%	60%
Number of countries that implement at least 75% of action steps which improve IP protections in their joint cooperation, action or work plans	5	6	6	6	6	6	6

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OVERARCHING MANAGEMENT PRIORITIES

Management Program

Fulfillment of the USPTO's mission requires strong leadership and collaborative management. While the three strategic goals focus on the core mission, the overarching management priorities focus on the shared responsibility that is a prerequisite for achieving those goals and objectives, namely, the priorities of sound resource management, solid workforce planning, corporate support services, and effective use of IT. These priorities are particularly important as the USPTO continues to grow and modernize.

Management Strategic Priorities

Strategic Priorities	Strategies
<ul style="list-style-type: none"> ▪ Improve IT infrastructure and tools. 	<ul style="list-style-type: none"> ▪ Disseminate all USPTO data in a timely manner to the public ▪ Improve collaboration of examination tools to support a nationwide workforce ▪ Expand educational opportunities by leveraging e-learning for USPTO staff and the public ▪ Retire outdated electronic systems or infrastructure and replace those systems with modern, scalable, redundant, secure, isolated and virtualized systems and environment ▪ Improve USPTO OCIO service excellence ▪ Improve service organization infrastructure
<ul style="list-style-type: none"> ▪ Implement a sustainable funding model for operations. 	<ul style="list-style-type: none"> ▪ Reform USPTO's fee structure to provide sufficient financial resources to enable innovation and optimize the administration of the U.S. IP system
<ul style="list-style-type: none"> ▪ Improve relations with stakeholder community 	<ul style="list-style-type: none"> ▪ Provide transparency to USPTO operations (i.e., director messaging, federal register notices, news releases) ▪ Expand public access to more USPTO data ▪ Expand dialogues with stakeholders ▪ Improve labor-management partnerships

FY 2011 Requirements

The following requirements were identified to sustain operations related to the overarching management, such as investments in IT and filling previously unfunded positions to support the 4,232 UPR and design patent examiners that have been hired between FY 2006 and FY 2010. All of the management resources are allocated to programs and activities in support of the agency's three strategic goals using the results of the ABI methodology.

Strategic Priority: Improve IT Infrastructure and Tools

The USPTO had been relying on IT funds to make a significant down payment towards improving its IT infrastructure. We recognize the USPTO IT systems have needed attention for a significant period. Even worse, spending cuts necessitated by revenue disruptions in FY 2009 eliminated funding for key tasks; specifically in the area of disaster recovery and the associated infrastructure required at the USPTO's off-site location. In addition, key foundational tasks in the area of desk top stabilization have been delayed, continuing to place USPTO desktop infrastructure at risk. To improve IT infrastructure and tools, requested funds will be used as follows:

IT Infrastructure Stabilization and Maintenance— Funds are required to stabilize and maintain the USPTO’s aging IT infrastructure while a new 21st Century system is designed and developed. Investments to sustain and maintain the underlying infrastructure have not kept pace with an increasing demand by both employees and the public, and the accelerating need to replace end-of-life and over-taxed technology components. The USPTO has already experienced the consequences of an aging infrastructure and the associated problems. For example, an increase in the number of major, critical-system failures, an ever-worsening ability to deploy changes without experiencing failures, and security vulnerabilities. With required funding, the USPTO will begin to:

- Complete 100 percent data replication of the data at the remote facility and build out the basic COOP Disaster Recovery infrastructure
- Complete replacement of the USPTO network infrastructure for improved performance and reliability for the on-site and remote examiners
- Complete deployment of the applicable Federal Desktop Core Configuration settings for enhanced desktop security
- Cooperate with other DoC agencies on establishing a common data center by moving or supporting systems into a common hosted facility

<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$10,608	\$10,608	(\$5,000)	(\$5,000)	(\$14,190)

IT Hardware Replacement – Funds are required for the Capital Hardware Replacement Program, which is an annual replacement and renewal of all IT assets based on hardware lifecycles. The current IT infrastructure is a heterogeneous collection of incompatible hardware and software systems, which is difficult and costly to operate and maintain. This is because the IT infrastructure has been managed as a set of distinct application systems, each with its own dedicated operations and support organization. For example, the application systems at the core of the USPTO’s business, such as the Automated Patent System and PALM System, are running under proprietary operating systems on proprietary hardware architectures. This approach limits flexibility and complicates efforts to comply with recent mandates to manage IT architecture. As the USPTO builds its framework for the 21st Century, it must be able to add new products or infrastructure components or replace existing ones as new technologies are introduced into the marketplace.

The Capital Hardware Replacement Program will help position the agency to operate more successfully and efficiently in the future. Implementing this program will enable the USPTO to maintain current business production, improve and enhance the current business through electronic commerce, and add new capability by migrating automated information systems to operate on an “open system” IT infrastructure. This will result in the elimination of paper-based processing, and the evolution of the businesses to electronic commerce and an electronic workplace. In addition, completing replacement of one-fifth of the server inventory to reduce the average service age from 11 to 7 years utilizes “Green IT” best practices.

<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$17,664	\$18,512	\$32,000	\$32,000	\$42,000

FY 2011 President's Budget

Business Projects – Funds are required for Revenue Accounting and Management (RAM) system, a mission-critical fee collection system. This includes establishing and maintaining customer deposit accounts, recording sales and cash receipts, and recording refunds. This also includes over 70 interfaces with other internal and external systems for information sharing and transaction processing. RAM's ability to automate and standardize business processes in an efficient and effective manner and RAM's technical performance and stability are extremely critical to the USPTO because of the high impact to a wide set of stakeholders. We will need to maintain this system in working condition as we migrate to a 21st Century system in Trademark and Patents.

<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$6,149	\$6,333	\$6,523	\$6,719	\$6,921

IT Operations and Maintenance – Funds are required to support operations and provide maintenance for servers. The USPTO currently is facing: obsolete hardware; needed replacements that were reduced in scope, deferred, or cancelled; increased infrastructure complexity and cost; and degraded capability to satisfy growth in workloads, changing business requirements and customer expectations. A significant portion of IT infrastructure has exceeded its cost effective life; for example, 586 servers are operating on hardware that is five years old or older. This aging hardware has resulted in increasing failure and downtime, diminishing support and parts availability, and rising maintenance costs and time to repair.

- As more patent and trademark applications are submitted electronically, the number and size of these documents is accelerating the strain on the infrastructure and automated information systems resulting in capacity issues and outages.
- The increasing use of systems for searches and other tasks will tax the technology environment.
- Finishing the migration to Networx contract.

<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$15,579	\$16,046	\$19,521	\$20,917	\$21,544

Corporate Infrastructure Restoration – Funds are required to enable the agency to begin returning operations to a sustaining level, that is, before spending cuts were taken and hiring replacements for vacant positions that were frozen. Funds are also included for administrative and support positions that have not kept pace with the needs based on the hiring of new UPR and design patent examiners in FY 2006 through FY 2009. Finally, funds are included for overtime to address workload while positions remain vacant. These funds are needed throughout the USPTO as follows:

- **IT Services** – Funds are needed to fill vacant positions and to permanently replace staff that currently are on temporary detail from other business areas. This funding will enable the CIO to sustain the current level of IT services in support of USPTO mission-critical information systems and information dissemination activities.
- **Legal Services** – Funds would be used to fill frozen positions in the Solicitor's Office due to continuously increasing workload (such as an unprecedented number of appeals of decisions of the BPAI and TTAB to the U.S. Court of Appeals for the Federal Circuit, and disciplinary cases referred by the OED). Funds would be used for new positions for the TTAB to maintain the present level of customer service in the TTAB Services Branch, and to provide overtime in lieu of hiring due to increased workload in personnel, labor and other types of cases at the Office of

General Law. Funds also would be used to reclassify positions to allow for reallocation of workload.

- Resource Management Services – Funds would be used for overtime to offset the impact of vacant positions on resource management, such as procurement processing, maintenance of financial management systems, financial processing, and budget and fee management activities.
- Executive Services – Funds are required to fill four positions and to meet office management requirements in the Office of the Chief Performance Officer (Office of the Under Secretary and Director) and the Office of the Chief Economist (External Affairs).

<i>Dollars in thousands</i>	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Amount	\$3,727	\$5,847	\$6,254	\$6,488	\$6,777

Management Programs and Activities

FY 2011 funds also will be used to fund base programs, as described below. These resources are allocated to the USPTO's three strategic goals using the ABI methodology.

To ensure sound resource management, funds are used for the salaries and benefits of the financial and budget analysts, accountants and cost accountants, and contract specialists who are responsible for collaborating with the other business units on all aspects of planning, budgeting, financial management, and contracting. These resources enable staff to strategize, provide added value, fulfill fiduciary responsibilities and carry out special studies.

In addition, funds are allocated for the USPTO's financial management systems. For example, the RAM system is a mission-critical fee collection system that serves as a subsidiary to the core financial system. RAM interfaces with more than 20 automated information systems supporting strategic goals to provide fee information (e.g., fee history, payment detail, etc.), and to allow customers to pay various fees over the Internet via credit card, Electronic Funds Transfer (EFT), or via a USPTO-established deposit account.

Funds are also used for fee management activities. The USPTO continually reviews the costs of activities related to the patent, trademark and other associated products and services performed by the agency against the fees charged. A recent analysis of costs related to PCT international transmittals and searches resulted in adjustments to certain fee amounts. Other proposals are under consideration.

Activities using these resources have enabled the USPTO to earn an unqualified audit opinion on its annual financial statements for 17 consecutive years, and the Association of Government Accountants' Certificate of Excellence in Accountability Reporting award for seven consecutive years.

To ensure effective workforce planning, funds are dedicated to human capital management. This includes hiring large numbers of patent examiners each year since FY 2006, as well as hiring staff for other organizations throughout the agency. Guided by an agency-wide Strategic Human Capital Management Plan, business units are developing initiatives, programs and training in support of the three human capital objectives: talent management, results-oriented performance culture, and leadership and development. Resources are also devoted to the development of a comprehensive, competency-based leadership development framework.

The USPTO remains committed to its role as a leader in the federal government in teleworking programs. Base resources are devoted to its continuing expansion. The agency increased its employee participation in formal telework programs from 44 percent of all employees in FY 2008 to 53 percent of all employees in FY 2009 (82 percent of employees in eligible positions).

Base funds are also dedicated to being proactive in preventing discrimination and harassment by providing training to new hires and new managers, and to provide a modern, safe, secure and attractive workplace for USPTO employees in the area of emergency preparedness.

Resources are also used for in support of the USPTO's IT program. In FY 2008, the USPTO began implementing an IT Plan to address its aging IT infrastructure and related matters. The Plan is a comprehensive approach that includes in-depth analysis, strategy, and supporting executable actions to enable the USPTO to achieve and build upon four major goals:

- Stabilize the existing infrastructure environment and strengthen the core competencies of the IT workforce.
- Consolidate the existing infrastructure and application systems to avoid unnecessary duplication and excessive cost.
- Optimize the IT infrastructure to improve performance, facilitate governance, and ensure compliance.
- Maintain and enhance the services delivered to customers.

The specific initiatives, which have been underway since FY 2008, include the following:

- Organizational Strengthening – Develop and maintain a skilled and motivated workforce to keep systems running, support periodic capital replacement, and improve efficiency of IT investments.
- Process Standardization – Improve the most critical processes, streamline the Systems Development Life Cycle, define/implement other processes, and improve the definition of roles and responsibilities.
- Data Center Stabilization – Modernize the infrastructure, improve capacity management, and re-engineer storage and the lab to support failover and availability.
- AIS Stabilization – Identify and address the root causes of system failures and remediate problem systems.
- Telecommunications Stabilization – Replace obsolete network and security infrastructure equipment, and support automated network monitoring and enhanced network security.
- Desktop Stabilization – Standardize desktop configurations and administrative access.
- Service Desk – Provide a single point of contact for efficiently and effectively resolving customer problems.
- Business Continuity and Disaster Recovery – Protect the agency's assets and data.
- Enterprise Architecture – Align IT to the business requirements of the USPTO, and improve the interoperability, integration, management and change of IT assets

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Section III – Budget Exhibits

Exhibit 3a – USPTO Total Resource Requirements

<i>(Dollars in thousands)</i>	FY 2009 Actual	FY 2010 Enacted	FY 2011 President's Budget	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
Total Resource Requirements ¹⁾	\$1,862,512	\$1,933,897	\$2,331,266	\$2,475,371	\$2,532,968	\$2,476,887	\$2,459,340
↳ Direct Obligations	\$1,856,373	\$1,925,497	\$2,322,866	\$2,466,971	\$2,524,568	\$2,468,487	\$2,450,940
↳ Reimbursable Obligations	\$6,139	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400
IT Funding (included above)	\$253,729	\$232,940	\$377,973	\$371,832	\$363,412	\$371,118	\$379,113
FTE Totals	9,594	9,614	10,098	10,622	10,659	10,223	9,808

1) Excludes transfers.

Exhibit 7 — Summary of Financing

Department of Commerce
United States Patent and Trademark Office
Salaries and Expenses
(Dollars in thousands)

Obligations	FY 2009 Actuals	FY 2010 Enacted	FY 2011 President's Budget	Increase/ (Decrease)
Total direct obligations	\$1,856,373	\$1,925,497	\$2,322,866	\$397,369
Reimbursable obligations	6,139	8,400	8,400	0
Total obligations	\$1,862,512	\$1,933,897	\$2,331,266	\$397,369
Offsetting collections from:				
Other Income	(6,139)	(8,400)	(8,400)	0
Non-Federal sources/User fee collections	(1,874,226)	(2,003,008)	(2,321,724)	(318,716)
Subtotal	(\$1,880,365)	(\$2,011,408)	(\$2,330,124)	(318,716)
Recoveries of prior year obligations	(30,760)	(10,000)	(10,000)	0
Unobligated balance, start of year	(72,079)	(118,692)	(90,195)	28,497
Unobligated balance, end of year	118,692	90,195	99,052	8,857
Total Financing:	(\$1,864,513)	(\$2,049,095)	(\$2,331,267)	(\$281,361)
Transfers to Other Accounts	\$2,000	0	0	0
Amounts Unavailable for Spending	0	116,008	-	(\$116,000)
Total Net Appropriation	(\$0)	(\$0)	(\$0)	(\$0)
Amounts Unavailable for Spending		(116,008)	0	0
Transfers to Other Accounts	(2,000)	0	0	0
Total Budget Authority	(\$2,000)	(116,008)	0	0

Exhibit 8 — Adjustment to Base

Department of Commerce
 United States Patent and Trademark Office
 Salaries and Expenses
 (Dollars in thousands)

	FTE	Amount
Other Cost Changes		
2010 Pay Raise		5,322
2011 Pay Raise		18,387
Full-Year Cost in 2011 for Positions Financed for Part-Year in 2010	207	24,016
Other Compensation Adjustments		49,182
Changes in Compensable Day		0.00
Civil Service Retirement System (CSRS)		(2,230)
Federal Employees Retirement System (FERS)		3,459
Thrift Savings Plan		618
Federal Insurance Contribution Act (FICA) – OASDI		1,935
OPM Transfer ¹⁾		2,875
Health Insurance		1,541
Travel		43
Rental Payments to GSA		1,331
Printing and Reproduction		318
General Pricing Level Adjustment		5,297
Gross Adjustments to Base	207	\$112,095
Less: Amount Absorbed ²⁾	0	(\$1,162)
Total Adjustments to Base	207	\$110,933

1) Increased portion of post-retirement benefits due to Office of Personnel Management as required by USPTO's appropriation.

2) Reflects reduction to the Trademark organization's base.

Exhibit 16 — Summary of Requirements by Object Class

Department of Commerce
 United States Patent and Trademark Office
 Salaries and Expenses
(Dollars in thousands)

Object Class Title	FY 2009 Actuals	FY 2010 Enacted	FY 2011 President's Budget
Full-Time Equivalent Employment:			
Full-Time Permanent	9,490	9,510	9,994
Other Than Full-Time Permanent	104	104	104
Total Full-Time Equivalent Employment	9,594	9,614	10,098
Authorized Positions:			
Full-Time Permanent	9,553	9,742	10,409
Other Than Full-Time Permanent	163	163	163
Total Authorized Positions	9,716	9,905	10,572

Exhibit 16 — Summary of Requirements by Object Class (continued)

Department of Commerce
 United States Patent and Trademark Office
 Salaries and Expenses
 (Dollars in thousands)

Object Class	Object Class Title	FY 2009 Actuals	FY 2010 Enacted	FY 2011 President's Budget	Increase/ (Decrease)
11.1	Full-Time Permanent Compensation	925,601	969,555	1,057,579	88,025
11.3	Other Than Full-Time Permanent Compensation	33,832	24,919	44,940	20,020
11.5	Other Personnel Compensation	26,737	14,833	41,841	27,009
Total Personnel Compensation		\$986,170	\$1,009,307	\$1,128,213	135,054
12.0	Personnel Benefits	335,574	341,061	379,566	38,504
13.0	Benefits for Former Personnel	0	0	0	0
21.0	Travel and Transportation of Persons	3,353	3,911	3,975	64
22.0	Transportation of Things	136	625	632	7
23.1	Rental Payments to GSA	72,433	86,349	96,386	10,037
23.2	Rental Payments to Others	8,346	8,596	8,854	258
23.3	Communications, Utilities, and Misc. Charges	8,170	23,703	23,944	241
24.0	Printing and Reproduction	41,264	63,570	70,227	6,657
25.1	Advisory and Assistance Services	36,597	37,329	38,076	747
25.2	Other Services	107,200	109,344	111,531	2,187
25.3	Purchase of Goods and Services from Gov't Accounts	193,302	210,475	412,758	202,283
26.0	Supplies and Materials	5,284	12,185	12,377	192
31.0	Equipment	49,521	19,042	20,180	1,138
32.0	Lands and Structures	8,750	0	0	0
42.0	Insurance Claims and Indemnities	273	0	0	0
Total Direct Obligations		1,856,373	1,925,497	2,322,866	397,369
Reimbursable Obligations		6,139	8,400	8,400	0
Total Obligations		1,862,512	1,933,897	2,331,266	397,369
Financing from Offsetting Collections		(1,874,226)	(2,003,008)	(2,321,724)	(318,716)
Other Income		(6,139)	(8,400)	(8,400)	0
Unavailable Offsetting Collections Subject to Appropriation		0	116,008	0	(116,008)
Unobligated Balance, EOY		118,692	90,195	99,052	8,857
Prior Year Unobligated Balance Brought Forward		(72,079)	(118,692)	(90,145)	28,497
Recoveries of Prior Year Obligations		(30,760)	(10,000)	(10,000)	0
Transfer to Other Accounts		2,000	0	0	0
Total Appropriation		0	0	0	0
Unavailable Offsetting Collections Subject to Appropriation		0	(116,008)	0	116,008
Transfer to Other Accounts		(2,000)	0	0	0
Total Budget Authority		(2,000)	(116,008)	0	116,008

APPENDIX 1: FY 2009 FEE REPORT

The following report complies with the provisions of Public Law 99-607 which are set forth in Section 42(e) of title 35, United States Code.

Fee Code	Fee Title	Fee Rates	President's Budget Plan Collections	Actual Collections
	Patent Fee Summary:			
	Patent Application Filing Fees		\$549,617,749	\$463,285,130
	Patent Issue Fees		246,611,968	245,128,307
	Pre-Grant Publication Fees		51,980,150	47,040,290
	Patent Maintenance Fees		577,236,396	546,871,752
	Patent Extension Fees		133,059,780	130,957,807
	Patent Appeal Fees		20,113,540	25,032,930
	Patent Revival Fees		13,722,775	14,569,100
	Patent Cooperation Treaty (PCT) Fees		162,561,986	118,116,116
	Other Patent Processing Fees		25,086,535	28,724,095
	Patent Attorney/Agent Enrollment Fees		4,467,315	1,271,235
	Patent Service Fees		43,238,716	35,286,506
	Corporate Fees		98,915	107,433
	Total Patent Fees		\$1,827,795,825	\$1,656,390,701
	Trademark Fee Summary:			
	Trademark Processing Fees		\$224,011,060	\$200,370,763
	Trademark Madrid Protocol Fees		13,843,331	12,259,598
	Trademark Service Fees		8,171,227	5,552,713
	Corporate Fees		0	14,165
	Total Trademark Fees		\$246,025,618	\$218,197,239
	Total United States Patent and Trademark Office Fees		\$2,073,821,443	\$1,874,587,940
	Patent Filing Fees (Large Entity):			
1001	Utility Application Filing	\$850	\$0	\$4,610
1002	Design Application Filing	380	0	340
1003	Plant Application Filing	600	0	0
1004	Reissue Application Filing	850	0	0
1005	Provisional Application Filing	220	11,957,440	10,799,998
1006	CPA - Utility Filing	810	0	0
1007	CPA - Design Filing	380	4,440	(1,800)
1008	CPA - Plant Filing	570	0	(550)
1009	CPA - Reissue Filing	850	0	0
1011	Filing of Utility Patent Application	330	74,744,320	61,321,912
1012	Filing of Design Patent Application	220	3,241,040	2,748,617
1013	Filing of Plant Patent Application	220	153,120	125,980
1014	Filing of Reissue Patent Application	330	223,680	182,470
1017	CPA - Design Filing	220	152,680	100,460
1019	CPA - Reissue Filing	330	0	(610)
1051	Surcharge - Late Filing, Search or Examination Fee, Oath or Declaration	130	10,911,030	7,865,780
1052	Surcharge - Late Provisional Filing Fee or Cover Sheet	50	178,300	129,400
1081	Utility Application Size	270	6,697,503	3,153,880
1082	Design Application Size	270	9,713	3,560
1083	Plant Application Size	270	0	540

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Fee Code	Fee Title	Fee Rates	President's Budget Plan Collections	Actual Collections
1084	Reissue Application Size	270	1,363	1,660
1085	Provisional Application Size	270	1,296,083	934,810
1111	Search of Utility Patent Application	540	121,099,680	99,444,080
1112	Search of Design Patent Application	110	1,473,200	1,274,500
1113	Search of Plant Patent Application	330	222,720	189,260
1114	Search of Reissue Patent Application	540	363,480	297,650
1201	Independent Claims in Excess of Three	220	42,813,760	26,336,742
1202	Total Claims in Excess of Twenty	52	58,453,250	34,079,228
1203	Multiple Dependent Claims	390	2,482,160	1,542,840
1204	Reissue Independent Claims in Excess of Three	220	400,840	321,512
1205	Reissue Total Claims in Excess of Twenty	52	551,650	388,918
1311	Examination of Utility Patent Application	220	51,354,600	40,883,180
1312	Examination of Design Patent Application	140	1,915,160	1,786,320
1313	Examination of Plant Patent Application	170	111,360	97,500
1314	Examination of Reissue Patent Application	650	447,360	358,980
1801	Request for Continued Examination	810	59,624,710	92,413,040
1809	Filing a Submission after Final Rejection	810	0	84,240
1810	Each Additional Invention to be Examined	810	0	4,860
1821	Reexamination Independent Claims in Excess of Three	220	97,240	173,990
1822	Reexamination Total Claims in Excess of Twenty	52	210,100	265,180
Total Patent Filing Fees (Large Entity)			\$451,191,982	\$387,313,076
	Patent Filing Fees (Small Entity):			
2001	Utility Application Filing	\$425	\$0	\$905
2002	Design Application Filing	190	0	0
2003	Plant Application Filing	300	0	0
2004	Reissue Application Filing	425	0	0
2005	Provisional Application Filing	110	10,862,830	9,155,478
2006	CPA- Utility Filing	405	0	0
2007	CPA-Design Filing	190	2,035	0
2008	CPA- Plant Filing	285	0	0
2009	CPA- Reissue Filing	725	0	0
2011	Filing of Utility Patent Application	165	8,941,120	2,907,051
2012	Filing of Design Patent Application	110	1,556,940	1,299,385
2013	Filing of Plant Patent Application	110	35,970	41,230
2014	Filing of Reissue Patent Application	165	37,280	23,865
2017	CPA-Design Filing	110	73,370	26,645
2019	CPA- Reissue Filing	165	0	(455)
2051	Surcharge - Late Filing, Search or Examination Fee, Oath or Declaration	65	2,458,300	1,909,505
2052	Surcharge - Late Provisional Filing Fee or Cover Sheet	25	135,300	116,875
2081	Utility Application Size	135	616,908	542,575
2082	Design Application Size	135	1,681	810
2083	Plant Application Size	135	0	130
2084	Reissue Application Size	135	0	135
2085	Provisional Application Size	135	709,563	430,590
2111	Search of Utility Patent Application	270	25,598,820	20,139,440
2112	Search of Design Patent Application	55	707,700	594,150
2113	Search of Plant Patent Application	165	52,320	61,670
2114	Search of Reissue Patent Application	270	60,580	38,055
2201	Independent Claims in Excess of Three	110	7,999,640	4,957,594
2202	Total Claims in Excess of Twenty	26	15,170,175	9,093,750

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Fee Code	Fee Title	Fee Rates	President's Budget Plan Collections	Actual Collections
2203	Multiple Dependent Claims	195	529,150	333,420
2204	Reissue Independent Claims in Excess of Three	110	46,750	35,970
2205	Reissue Total Claims in Excess of Twenty	26	73,575	66,264
2311	Examination of Utility Patent Application	110	10,855,240	8,235,005
2312	Examination of Design Patent Application	70	920,010	832,455
2313	Examination of Plant Patent Application	85	26,160	31,935
2314	Examination of Reissue Patent Application	325	74,560	46,770
2801	Request for Continued Examination	405	7,570,015	10,259,765
2809	Filing a Submission after Final Rejection	405	0	9,315
2810	Each Additional Invention to be Examined	405	0	405
2821	Reexamination Independent Claims in Excess of Three	110	22,550	25,275
2822	Reexamination Total Claims in Excess of Twenty	26	30,800	40,743
4011	Electronic Filing of Utility Patent Application	82	3,256,425	4,715,349
Total Patent Filing Fees (Small Entity)			\$98,425,767	\$75,972,054
Total Patent Application Filing Fees			\$549,617,749	\$463,285,130
Patent Issue Fees (Large Entity):				
1501	Utility Issue	\$1,510	\$202,582,400	\$203,075,390
1502	Design Issue	860	10,437,840	11,353,000
1503	Plant Issue	1,190	858,400	738,690
1511	Reissue Issue	1,510	352,240	623,280
1506	Suspense Account for Partial Issue Payments		16,968	78,057
Total Patent Issue Fees (Large Entity)			\$214,247,848	\$215,868,417
Patent Issue Fees (Small Entity):				
2501	Utility Issue	\$755	\$27,824,000	\$24,642,115
2502	Design Issue	430	4,351,620	4,267,000
2503	Plant Issue	595	188,500	251,905
2511	Reissue Issue	755	0	98,870
Total Patent Issue Fees (Small Entity)			\$32,364,120	\$29,259,890
Total Patent Issue Fees			\$246,611,968	\$245,128,307
Pre-Grant Publication Fees:				
1504	Publication Fee for Early, Voluntary or Normal Publication	\$300	\$46,237,500	\$46,624,500
1505	Publication Fee for Republication	300	4,263,900	41,100
1803	Request for Voluntary Publication or Republication	130	67,860	32,630
1808	Processing Fee, Except in Provisional Applications	130	1,410,890	342,550
1507	Suspense Account for Partial Publication Payments		0	(490)
Total Pre-Grant Publication Fees			\$51,980,150	\$47,040,290
Patent Maintenance Fees (Large Entity):				
1551	First Stage Maintenance	\$980	\$107,994,100	\$97,939,210
1552	Second Stage Maintenance	2,480	228,530,280	205,864,720
1553	Third Stage Maintenance	4,110	179,503,640	185,468,460
1554	First Stage Surcharge In Grace Period	130	475,020	338,130
1555	Second Stage Surcharge In Grace Period	130	315,120	312,260
1556	Third Stage Surcharge In Grace Period	130	158,860	158,600
1557	Maintenance Surcharge After Expiration - Unavoidable Late Payment	700	25,200	(2,800)
1558	Maintenance Surcharge After Expiration - Unintentional Late Payment	1,640	2,761,760	2,474,760
1559	Unassigned Maintenance Fee Payments		354,271	1,382,197
Total Patent Maintenance Fees (Large Entity)			\$520,118,251	\$493,935,537

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Fee Code	Fee Title	Fee Rates	President's Budget Plan Collections	Actual Collections
	Patent Maintenance Fees (Small Entity):			
2551	First Stage Maintenance	\$490	\$13,148,475	\$12,382,175
2552	Second Stage Maintenance	1,240	25,255,120	22,499,220
2553	Third Stage Maintenance	2,055	18,165,300	17,538,785
2554	First Stage Surcharge in Grace Period	65	275,990	225,095
2555	Second Stage Surcharge in Grace Period	65	188,305	202,215
2556	Third Stage Surcharge in Grace Period	65	84,955	88,725
	Total Patent Maintenance Fees (Small Entity)		\$57,118,145	\$52,936,215
	Total Patent Maintenance Fees		\$577,236,396	\$546,871,752
	Patent Extension Fees (Large Entity):			
1251	Extension for Response within First Month	\$130	\$12,876,000	\$13,895,850
1252	Extension for Response within Second Month	490	23,641,470	23,682,407
1253	Extension for Response within Third Month	1,110	52,766,640	50,693,592
1254	Extension for Response within Fourth Month	1,730	6,097,170	5,384,800
1255	Extension for Response within Fifth Month	2,350	9,382,200	8,519,755
	Total Patent Extension Fees (Large Entity)		\$104,763,480	\$102,176,404
	Patent Extension Fees (Small Entity):			
2251	Extension for Response within First Month	\$65	\$2,230,260	\$2,340,880
2252	Extension for Response within Second Month	245	4,877,660	4,946,348
2253	Extension for Response within Third Month	555	15,292,800	15,850,339
2254	Extension for Response within Fourth Month	865	2,257,840	2,029,849
2255	Extension for Response within Fifth Month	1,175	3,637,740	3,613,987
	Total Patent Extension Fees (Small Entity)		\$28,296,300	\$28,781,403
	Total Patent Extension Fees		\$133,059,780	\$130,957,807
	Patent Appeal Fees (Large Entity):			
1401	Notice of Appeal to Board of Appeals	\$540	\$10,988,120	\$13,746,990
1402	Filing a Brief in Support of an Appeal	540	6,060,080	7,722,130
1403	Filing a Brief in Support of an Appeal	1,080	758,960	921,950
	Total Patent Appeal Fees (Large Entity)		\$17,807,160	\$22,391,070
	Patent Appeal Fees (Small Entity):			
2401	Notice of Appeal to Board of Appeals	\$270	\$1,516,580	\$1,746,430
2402	Filing a Brief in Support of an Appeal	270	670,020	776,540
2403	Request for an Oral Hearing	540	119,780	118,890
	Total Patent Appeal Fees (Small Entity)		\$2,306,380	\$2,641,860
	Total Patent Appeal Fees		\$20,113,540	\$25,032,930
	Patent Revival Fees (Large Entity):			
1452	Petition to Revive Unavoidably Abandoned Application	\$540	\$75,400	\$75,090
1453	Petition to Revive Unintentionally Abandoned Application	1,620	7,237,980	6,821,440
1814	Statutory Disclaimer	140	3,131,830	4,127,490
	Total Patent Revival Fees (Large Entity)		\$10,445,210	\$11,024,020
	Patent Revival Fees (Small Entity):			
2452	Petition to Revive Unavoidably Abandoned Application	\$270	\$53,820	\$59,030
2453	Petition to Revive Unintentionally Abandoned Application	810	2,819,510	2,913,285
2814	Statutory Disclaimer	70	404,235	572,765
	Total Patent Revival Fees (Small Entity)		\$3,277,565	\$3,545,080
	Total Patent Revival Fees		\$13,722,775	\$14,569,100

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Fee Code	Fee Title	Fee Rates	President's Budget Plan Collections	Actual Collections
	PCT Application Fees (Large Entity):			
1609	IPEA is USPTO		\$0	\$0
1611	USPTO is not IPEA nor ISA		0	(1,060)
1613	Filing with EPO or JPO Search Report		0	1,850
1614	Independent Claims in Excess of Three	220	6,726,280	4,985,434
1615	Total Claims in Excess of Twenty	52	11,150,500	7,844,376
1616	Multiple Dependent Claims	390	1,775,740	1,226,740
1617	Search or Examination Fee, Oath or Declaration after 30 Months from Priority Date	130	2,360,410	2,763,150
1618	English Translation After 30 Months from Priority Date	130	295,750	241,930
1631	Filing of PCT National Stage Application	330	16,141,760	14,651,760
1632	PCT National Stage Search - All Other Situations	540	638,040	342,560
1633	PCT National Stage Examination - All Other Situations	220	10,889,560	9,737,250
1641	PCT National Stage Search - US was the ISA	100	227,500	203,800
1642	PCT National Stage Search - Search Report Prepared and Provided to USPTO	430	19,442,640	17,884,160
1681	PCT National Stage Application Size	270	1,205,820	1,078,860
Total PCT Application Fees (Large Entity)			\$70,854,000	\$60,960,810
	PCT Application Fees (Small Entity):			
2609	IPEA is USPTO		\$0	(\$365)
2610	ISA is USPTO		0	405
2611	USPTO is not IPEA nor ISA		0	(2,175)
2613	Filing with EPO or JPO Search Report		0	15
2614	Independent Claims in Excess of Three	110	1,318,790	992,601
2615	Total Claims in Excess of Twenty	26	2,722,650	2,020,111
2616	Multiple Dependent Claims	195	258,970	200,710
2617	Search of Examination Fee, Oath or Declaration after 30 Months from Priority Date	65	405,275	517,140
2631	Filing of PCT National Stage Application	165	2,272,480	2,269,255
2632	PCT National Stage Search - All Other Situations	270	161,720	112,020
2633	PCT National Stage Examination - All Other Situations	110	1,489,840	1,486,250
2641	PCT National Stage Search - US was the ISA	50	141,250	134,100
2642	PCT National Stage Search - Search Report Prepared and Provided to USPTO	215	2,133,390	2,243,460
2681	National Stage Application Size	135	164,295	140,705
Total PCT Application Fees (Small Entity)			\$11,068,660	\$10,114,232
Total PCT Application Filing Fees			\$81,922,660	\$71,075,042
	PCT Processing Fees:			
1601	PCT Transmittal Fee	\$240	\$17,254,800	\$12,034,440
1602	PCT Search Fee - Regardless of whether there is a corresponding application	2,080	28,225,800	32,419,300
1603	PCT Search Fee - Prior US Application Filed	2,080	30,772,800	14,100
1604	Supplemental Search per Additional Invention	2,080	1,794,600	763,650
1605	PCT - Preliminary Examination (USPTO is ISA)	600	2,216,400	1,368,000
1606	PCT - Preliminary Examination (USPTO is not ISA)	750	82,500	391,500
1607	Supplemental Examination per Additional Invention	600	10,800	10,800
1619	PCT - Late Payment		57,516	39,284
1624	Suspense Account for PCT Payments		224,110	0
Total PCT Processing Fees			\$80,639,326	\$47,041,074
Total PCT Application and Processing Fees			\$162,561,986	\$118,116,116

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Fee Code	Fee Title	Fee Rates	President's Budget Plan Collections	Actual Collections
	Other Patent Processing Fees:			
1053	Non-English Specification	\$130	\$384,410	\$309,790
1451	Petition to Institute a Public Use Proceeding	1,510	3,020	10,570
1454	Acceptance of an Unintentionally Delayed Claim for Priority	1,410	831,080	1,228,230
1455	Filing an Application for Patent Term Adjustment	200	60,600	379,000
1456	Request for Reinstatement of Term Reduced	400	0	5,200
1457	Extension of Patent Term	1,120	43,680	51,520
1458	Initial Application for Interim Extension	420	0	2,100
1459	Subsequent Application for Interim Extension	220	0	880
1460	Petitions to the Director	0	0	260
1462	Petitions to the Director (Group I)	400	611,200	883,200
1463	Petitions to the Director (Group II)	200	710,200	856,600
1464	Petitions to the Director (Group III)	130	958,100	1,130,740
1802	Expedited Examination of Design Application	900	464,400	150,300
1804	Request for Publication of SIR - Prior to Examiner Action	920	920	5,775
1805	Request for Publication of SIR - After Examiner Action	1,840	0	22,460
1806	Submission of Information Disclosure Statement	180	14,644,980	17,052,840
1807	Processing Fee for Provisional Applications	50	110,800	94,150
1811	Certificate of Correction	100	1,060,800	894,200
1812	Request for Ex Parte Reexamination	2,520	2,066,400	1,607,760
1813	Request for Inter Partes Reexamination	8,800	3,986,400	2,120,800
8016	Status of Maintenance Fee Payment (Uncertified Statement)	10	110	110
8018	Disclosure Document Filing	10	4,420	0
8022	Publication in Official Gazette	25	2,775	2,900
8025	Retaining Abandoned Application	130	0	0
8026	Handling Fee for Incomplete or Improper Application	130	32,240	77,090
1815	Suspense Account for Other Patent Processing Fees		10,000	22,410
1999	Patent Unassigned Fees		(900,000)	1,815,210
Total Other Patent Processing Fees			\$25,086,535	\$28,724,095
	Patent Attorney Enrollment Fees:			
9001	Application Fee for Examination	\$40	\$164,000	\$176,720
9003	Attorney Fee - Registration to Practice or Grant of Limited Recognition	100	222,300	228,900
9004	Attorney Fee - Reinstatement to Practice	40	0	1,720
9005	Attorney Fee - Certificate of Good Standing as an Attorney or Agent	10	2,590	2,720
9006	Attorney Fee - Certificate of Standing as an Attorney or Agent, Suitable for Framing	20	800	400
9010	For Test Administration by Commercial Entity	200	780,000	818,800
9011	For Test Administration by USPTO	450	13,500	2,250
9012	Review of Decision by the OED Director under 11.2(c)	130	650	2,080
9013	Review of Decision of the OED Director under 11.2(d)	130	650	1,300
9014	Application Fee for Person Disciplined, Convicted of a Felony or Certain Misdemeanors under 11.7(h)	1,600	6,400	24,000
9015	Annual Fee for Registered Attorney or Agent, Active Status	0	3,200,000	0
9017	Annual Fee for Registered Attorney or Agent, Voluntary Inactive Status	0	3,750	0
9024	Unspecified other services, excluding labor		72,675	12,345
Total Patent Attorney Enrollment Fees			\$4,467,315	\$1,271,235
	Patent Service Fees:			
8001	Printed Copy of Patent without Color	\$3	\$778,626	\$696,864

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Fee Code	Fee Title	Fee Rates	President's Budget Plan Collections	Actual Collections
8003	Printed Copy of Plant Patent in Color	15	9,135	5,865
8004	Color Copy of Patent (Other than Plant) or SIR with Color Drawing	25	0	0
8005	Patent Application Publication	3	23,625	24,192
8007	Copy of Patent Application as Filed, if Provided on Paper	20	4,440,840	2,138,970
8008	Copy of Patent Related File Wrapper and Paper Contents of 400 or Fewer Pages, if Provided on Paper	200	780,200	499,200
8009	Additional Fee for Each Additional 100 Pages or Portion of Patent Related File Wrapper and Contents	40	174,280	130,960
8010	Certification of Patent-Related File Wrapper and Paper Contents	25	61,850	47,675
8011	Copy of Patent Related File Wrapper and Contents if Provided Electronically other than on a Physical Electronic Medium as Specified	55	108,515	125,455
8012	Additional Fee for Each Continuing Physical Electronic Medium in Single Order	15	510	420
8013	Copy of Office Records, Except Copies of Applications as Filed	25	189,800	223,875
8014	Assignment Records, Abstract of Title and Certification, per Patent	25	1,071,400	830,750
8015	List of US Patents and SIRs in Subclass	3	0	0
8017	Copy of Non-US Document	25	225	175
8019	Local Delivery Box Rental, Annually	50	8,050	3,350
8020	International Type Search Report	40	80	240
8021	Recording Each Patent Assignment, Agreement or Other Paper	40	28,793,120	26,501,280
8023	Labor Charge for Services	40	255,400	214,600
8024	Unspecified Other Services, Excluding Labor		117,714	64,558
8027	Handling Fee for Withdrawal of SIR	130	0	0
8028	Copy of Patent Related File Wrapper Contents that were Submitted and are Stored on Compact Disk, or other Electronic Form, other than as available, if Provided electronically other than on a Physical Electronic Medium, per Order	55	0	0
8029	Pre Grant Publication Drawings	130	0	0
8030	Partial Payments Received for Box Pre Grant Publication Drawings	130	0	0
8031	Computer Records, At Cost		1,995,737	1,976,616
8041	Copy of Patent Related File Wrapper Contents that Were Submitted and Are Stored on Compact Disk or Other Electronic Form, Other Than as Available; First Physical Electronic Medium in a Single Order	55		
8042	Additional Fee for Each Continuing Copy of Patent Related File Wrapper Contents as Specified	15	0	0
8043	Copy of Patent Related File Wrapper Contents	55	0	0
8050	Petitions for Documents in Form Other Than that Provided by this Part, or in a Form Other Than that Generally Provided by Director, to be Decided in Accordance with Merits		0	\$0
8901	REPS	0	337,781	315,582
8902	Self Service Copy Charge, per Page	0	4,087,278	1,483,615
8904	Annual Library Subscription	50	4,550	2,264
Total Patent Service Fees			\$43,238,716	\$35,286,506
Corporate Fees:				
9101	Processing Each Payment Refused or Charged Back	\$50	\$19,600	12015.76275
9201	Establish or Reinstate Deposit Account	10	4,390	\$3,313
9202	Service Charge for Below Minimum Balance on Deposit	25	74,925	91,841

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Fee Code	Fee Title	Fee Rates	President's Budget Plan Collections	Actual Collections
	Accounts			
9209	Partial service charge for closing a deposit account		0	263
Total Corporate Fees			\$98,915	\$107,433
Total Patent Fees			\$1,827,795,825	\$1,656,390,701
	Trademark Processing Fees:			
6001	Application for Registration (Paper Correspondence)	\$375	\$7,040,250	\$3,660,245
7001	Application for Registration (Electronic Correspondence)	100	95,487,600	71,632,640
6002	Amendment to Allege Use (Paper Correspondence)	100	182,500	93,300
7002	Amendment to Allege Use (Electronic Correspondence)	150	730,100	770,000
6003	Statement of Use (Paper Correspondence)	100	1,352,800	701,700
7003	Statement of Use (Electronic Correspondence)	100	7,101,900	8,660,500
6004	Extension of Time for Filing a Statement of Use (Paper Correspondence)	50	2,266,050	1,159,800
7004	Extension of Time for Filing a Statement of Use (Electronic Correspondence)	400	26,059,200	32,239,500
6005	Petitions to the Director (Paper Correspondence)	100	441,900	261,400
7005	Petitions to the Director (Electronic Correspondence)	100	1,767,600	1,992,500
6006	Division of Applications (Paper Correspondence)	100	262,200	150,800
7006	Division of Applications (Electronic Correspondence)	100	0	135,200
7007	TEAS Plus	100	32,267,950	27,355,075
6008	Additional Fee for Failure to Satisfy TEAS Plus Requirements	200	0	23,250
7008	Additional Fee for Failure to Satisfy TEAS Plus Requirements	100	133,450	112,150
6201	Application for Renewal (Paper Correspondence)	100	3,850,400	2,034,800
7201	Application for Renewal (Electronic Correspondence)	100	15,402,000	17,523,200
6203	Additional Fee for Renewal Application in Grace Period (Paper Correspondence)	100	133,600	62,600
7203	Additional Fee for Renewal Application in Grace Period (Electronic Correspondence)	100	400,800	478,600
6204	Correcting Deficiency in Renewal Application	300	2,000	600
6205	Filing Affidavit Under Section 8 (Paper Correspondence)	300	1,775,700	1,240,000
7205	Filing Affidavit Under Section 8 (Electronic Correspondence)	100	10,062,200	11,399,900
6206	Filing Section 8 Affidavit during Grace Period (Paper Correspondence)	20	239,500	183,600
7206	Filing Section 8 Affidavit during Grace Period (Electronic Correspondence)	20	958,000	1,368,700
6207	Correcting a Deficiency in a Section 8 Affidavit	20	80,000	78,600
6208	Filing Affidavit Under Section 15 (Paper Correspondence)	20	1,661,800	1,138,000
7208	Filing Affidavit Under Section 15 (Electronic Correspondence)	20	9,417,400	12,124,400
6210	Publication of Mark Under Section 12c	325	100	200
6211	Issuing New Certificate of Registration	100	12,000	6,500
6212	Certificate of Correction, Registrant's Error	100	110,000	28,800
7212	Certificate of Correction, Registrant's Error	150	0	269,500
7214	Filing amendment to registration	100	0	2,200
6213	Filing Disclaimer to Registration	100	100	0
6214	Filing Amendment to Registration	275	137,600	44,400
6401	Petition to Cancel (Paper Correspondence)	50	204,660	54,000
7401	Petition to Cancel (Electronic Correspondence)	400	818,700	624,000
6402	Notice of Opposition (Paper Correspondence)	100	471,000	119,100
7402	Notice of Opposition (Electronic Correspondence)	100	2,668,800	2,178,600
6403	Ex Parte Appeal (Paper Correspondence)	100	178,000	63,100
7403	Ex Parte Appeal (Electronic Correspondence)	200	330,500	396,800
6991	Recordal Application Fee	100	1,200	900

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Fee Code	Fee Title	Fee Rates	President's Budget Plan Collections	Actual Collections
6992	Renewal Application Fee	100	1,200	300
6993	Late Fee for Renewal Application	300	200	(20)
6994	Application fee for reactivation of insignia, per request	300	0	40
6999	Trademark Unassigned Fees	100	100	1,283
Total Trademark Processing Fees			\$224,011,060	\$200,370,763
Trademark Madrid Protocol Fees:				
6901	Certifying an International Application - Single Application (Paper Correspondence)	\$100	\$12,500	\$1,600
6902	Certifying an International Application - More than One Application (Paper Correspondence)	150	1,350	450
6903	Transmitting a Request to Record an Assignment or Restriction (Paper Correspondence)	100	0	800
6904	Filing a Notice of Replacement (Paper Correspondence)	100	1,700	400
6907	Transmitting a Subsequent Designation (Paper Correspondence)	100	1,000	300
7901	Certifying an International Application - Single Application (Electronic Correspondence)	100	614,000	411,000
7902	Certifying an International Application - More than One Application (Electronic Correspondence)	150	129,000	101,400
7904	Filing a Notice of Replacement (Electronic Correspondence)	100	500	0
7905	Filing an Affidavit Under 71 of the Act (Electronic Correspondence)	100	1,000	0
7906	Surcharge for Filing an Affidavit Under 71 During Grace Period (Electronic Correspondence)	100	1,000	0
7907	Transmitting a Subsequent Designation (Electronic Correspondence)	100	98,600	36,500
7931	Application Fee Filed at WIPO	325	11,939,850	10,543,975
7932	Renewal Fee Filed at WIPO	400	102,800	204,400
7933	Subsequent Designation Fee Filed at WIPO	325	874,900	843,050
9990	International Bureau Unassigned Fees		65,131	115,723
Total Trademark Madrid Protocol Fees			\$13,843,331	\$12,259,598
Trademark Service Fees:				
8501	Printed Copy of Registered Mark	\$3	\$30	\$339
8503	Certified Copy of Registered Mark, with Title and/or Status	15	139,560	136,665
8504	Certified Copy of Registered Mark, with Title and/or Status (Expedited)	30	134,040	109,650
8507	Certified Copy of Trademark Application as Filed	15	553,830	312,840
8508	Copy of Trademark File Wrapper and Contents (Certified or Uncertified)	50	46,450	41,950
8513	Copy of Trademark Document (Certified or Uncertified)	25	35,500	14,725
8514	Assignment Records, Abstracts of Title and Certification per Registration	25	45,225	41,550
8521	Recording Trademark Assignment, Agreement or Other Paper	40	1,418,280	1,179,640
8522	For Second and Subsequent Marks in the Same Document	25	5,701,275	3,611,250
8523	Labor Charge for Services	40	78,840	48,600
8524	Unspecified Other Trademark Services, Excluding Labor		3,589	1,760
8531	Trademark Computer Records		14,608	10,995
8902	Self Service Copy Charge, per Page		0	7,176
8904	Annual Library Subscription	0	0	33,737
9705	Self Service Copy Charge, per Page	50	0	1,836
Total Trademark Service Fees			\$8,171,227	\$5,552,713
Corporate Fees:				

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Fee Code	Fee Title	Fee Rates	President's Budget Plan Collections	Actual Collections
9101	Processing Each Payment Refused or Charged Back	\$50	\$0	\$1,584
9201	Establish or Reinstate Deposit Account	10	0	437
9202	Service Charge for Below Minimum Balance on Deposit Accounts	25	0	12,109
9209	Partial service charge for closing a deposit account		0	35
Total Corporate Fees			\$0	\$14,165
Total Trademark Fees			\$246,025,618	\$218,197,239
Total United States Patent and Trademark Office Fees			\$2,073,821,443	\$1,874,587,940

APPENDIX 2: COMPARISON OF CURRENT SERVICES REQUIREMENT AND ESTIMATED REVENUES*

<i>(Dollars are in millions)</i>	FY 2009 Actuals				FY 2010 Estimate				FY 2011 Estimate			
	FTE	Total	Patents	Trademarks	FTE	Total	Patents	Trademarks	FTE	Total	Patents	Trademarks
Current Services Executed: ¹⁾												
Current Services Level Executed	9,594	1,862.5	1,665.8	196.7	9,614	1,933.9	1,728.1	205.8	9,821	2,099.5	1,883.1	216.4
FY 2011 Program Changes	-	-	-	-	-	-	-	-	277	231.8	197.5	34.3 ⁵⁾
Total FY 2011 Request	9,594	1,862.5	1,665.8	196.7	9,614	1,933.9	1,728.1	205.8	10,098	2,331.3	2,080.5	250.7
Budgetary Resources:												
Fee Collections		1,874.6	1,656.4	218.2		2,003.0	1,785.3	217.7		2,097.7	1,886.3	211.4
Collections Unavailable		-	-	-		(116.0)	(116.0)	0.0		-	-	-
FY 2011 Surcharge		-	-	-		-	-	-		224.0	224.0	-
Other Income		36.5	31.6	4.9		18.4	16.5	1.9		18.4	16.7	1.7
Transfer		(2.0)	(1.8)	(0.2)		-	-	-		-	-	-
Unobligated Balance Brought Forward / Operating Reserve		72.1	27.9	44.2		118.7	47.3	71.4		90.2	5.0	85.2
Total Budgetary Resources		1,981.2	1,714.1	267.1		2,024.1	1,733.1	291.0		2,430.3	2,132.1	298.3
Change in Operating Reserve		62.9	19.4	43.5		(28.5)	(42.3)	13.8		8.9	46.5	(37.6)
Cumulative Reserve Balance		118.7	47.3	71.4		90.2	5.0	85.2		99.1	51.5	47.6
Base Current Services: ²⁾												
Current Services Level Executed:	9,594	1,862.5	1,665.8	196.7	9,614	1,933.9	1,728.1	205.8	10,098	2,331.3	2,080.5	250.7
Adjust for forward funding ³⁾		78.0	70.2	7.8		54.7	49.9	4.8				
Current Year Base	9,594	1,940.5	1,736.0	204.5	9,614	1,988.6	1,778.0	210.6	10,098	2,331.3	2,080.5	250.7
Adjustments to Base:												
2010 Pay Raise						5.3	4.8	0.5				
2011 Pay Raise						18.4	16.5	1.9				
Full-year cost in 2011 for positions financed for part-year in 2010					207	24.0	23.1	1.0				
Other Compensation Adjustments						49.2	47.2	2.0				
Civil Service Retirement System (CSRS)						(2.2)	(2.0)	(0.2)				
Federal Employees Retirement System (FERS)						3.5	3.1	0.4				
Thrift Savings Plan						0.6	0.6	0.1				
Federal Insurance Contribution Act (FICA) - OASDI						1.9	1.7	0.2				
OPM Transfer						2.9	2.6	0.2				

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<i>(Dollars are in millions)</i>	FY 2009 Actuals				FY 2010 Estimate				FY 2011 Estimate			
	FTE	Total	Patents	Trademarks	FTE	Total	Patents	Trademarks	FTE	Total	Patents	Trademarks
Health insurance						1.5	1.4	0.2				
Travel						0.0	0.0	0.0				
Rental payments to GSA						1.3	1.2	0.2				
Printing and reproduction						0.3	0.3	0.0				
General Pricing Level Adjustment						5.3	4.6	0.7				
Gross Adjustments to Base					207	112.1	105.1	7.0				
Less: Amount Absorbed ⁴⁾					0	(1.2)	0.0	(1.2)				
Total Adjustments to Base					207	110.9	105.1	5.8				
FY 2011 Current Services Level					9,821	2,099.5	1,883.1	216.4				

* The above chart is an expansion of the FY 2011 Patent and Trademark Business Table.

- 1) Although the USPTO submits a requirements based budget, if collection levels are below our fee collections estimates than we must adjust our requirements to balance to our budgetary resources available. In FY 2009 and FY 2010, this was the situation for our Patent line of business.
- 2) The Base Current Services level reflects the annual requirement level to be used in calculating the following year's Adjustments to Base to then derive the Current Services Level.
- 3) USPTO will no longer employ forward funding items as it will be using an operational reserve to help manage the fluctuations between our requirements and our budgetary resources.
- 4) Reflects reductions to Trademark organization's base.
- 5) The detail of the FY 2011 Program Changes are broken out between Workload and Performance initiatives in the FY 2011 Patent and Trademark Business Table and then individually identified in the Budget and Performance by Goal section.

APPENDIX 3: USPTO FEE COLLECTIONS AND ESTIMATES

<i>(Dollars in millions)</i>	FY 2009			FY 2010			FY 2011
	President's Budget Request	Enacted Level/ Operating Plan	Actual	President's Budget Request	Enacted Level/ Operating Plan	Current Estimate	President's Budget Request
	Date of Projection February 2008	August 2008	September 2009	March 2009	July 2009	January 2010	February 2010
Total USPTO Fee Collections	\$2,074	\$1,988	\$1,875	\$1,930	\$1,887	\$2,003	\$2,322
Total Patent Fee Collections	\$1,828	\$1,746	\$1,656	\$1,717	\$1,669	\$1,785	\$2,110
Total Trademark Fee Collections	\$246	\$242	\$218	\$213	\$218	\$218	\$211
Major Patent Fee Collections:							
Maintenance Fees	\$577	\$588	\$547	\$586	\$569	\$658	\$786
Filing/Search/Examination Fees	\$330	\$313	\$268	\$259	\$247	\$266	\$308
Issuance/Publication Fees	\$299	\$256	\$292	\$290	\$285	\$320	\$392
PCT Fees	\$163	\$137	\$118	\$131	\$118	\$119	\$132
Extensions of Time Fees	\$133	\$150	\$131	\$131	\$124	\$128	\$163
RCE/Continuation Fees	\$67	\$84	\$103	\$112	\$120	\$95	\$102
Assumptions Used to Develop Fee Collection Estimates							
CPI/Surcharge to Fee Rates:		2.5% increase to patent statutory fee rates (based on annual CPI increase) planned.	5% increase to patent statutory fee rates (based on annual CPI increase) planned.	5% increase to patent statutory fees was implemented at the beginning of the fiscal year.	No increase to patent statutory fee rates (based on annual CPI increase).	No increase to patent statutory fee rates (based on annual CPI increase).	No increase to patent statutory fee rates (based on annual CPI increase)
Filing Growth Rates:		Patent filings growth rate estimated at 5% (including RCE growth rate of 5%). Trademark filings growth rate estimated at 7%.	Patent filings growth rate estimated at 5% (including RCE growth rate of 15%). Trademark filings growth rate estimated at 3%.	Patent filings growth rate was 2% (including RCEs growth of 25%). Trademark filings growth rate was -12%.	Patent filings estimated to have no growth (RCEs growth rate of 13%). Trademark filings growth rate estimated at -3%.	Patent filings estimated to have no growth (RCEs growth rate of 13%). Trademark filings growth rate estimated at 1%.	Patent filings estimated to have no growth (RCEs decrease 7% due to revisions to the examiner production count system). Trademark filings growth rate estimated at 1%.
Patent Issue:		182,466 planned issues.	148,385 planned issues.	163,345 issues.	176,900 planned issues.	164,411 planned issues.	181,000 planned issues (adjusted for revised examiner production count system).
Patent Maintenance:		90% of patent issued 4 years prior will renew, 72% of patents issued 8 years prior will renew and 46% of patents issued 12 years prior will renew.	89% of patent issued 4 years prior will renew, 71% of patents issued 8 years prior will renew and 47% of patents issued 12 years prior will renew.	80% of patent issued 4 years prior renewed, 63% of patents issued 8 years prior renewed and 45% of patents renewed.	80% of patent issued 4 years prior will renew, 68% of patents issued 8 years prior will renew and 40% of patents issued 12 years prior will renew.	74% of patent issued 4 years prior will renew, 62% of patents issued 8 years prior will renew and 43% of patents issued 12 years prior will renew.	83% of patent issued 4 years prior will renew, 73% of patents issued 8 years prior will renew and 50% of patents issued 12 years prior will renew.

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APPENDIX 4: INTERIM ADJUSTMENT TO THE 2007-2012 STRATEGIC PLAN

In March 2007, the USPTO submitted its 2007-2012 Strategic Plan to the Congress, in conjunction with the FY 2008 President’s Budget. That plan has guided the actions of the USPTO through the present time. To address current challenges facing the USPTO, the Strategic Framework has been updated as follows:

The USPTO mission has been revalidated and remains unchanged:

To foster innovation and competitiveness by: Providing high quality and timely examination of patent and trademark applications, guiding domestic and international intellectual property policy, and delivering intellectual property information and education worldwide.

The vision guiding the organization was also revalidated and slightly modified as:

USPTO: Leading the Nation and the world in intellectual property protection and policy.

The USPTO’s three strategic goals remain unchanged, with minor wording changes. The substance of the management goal continues to be addressed separately as overarching management priorities.

Goal I	Optimize Patent Quality and Timeliness
Goal II	Optimize Trademark Quality and Timeliness
Goal III	Global and Domestic Leadership to Improve Intellectual Property Protection and Enforcement Worldwide

The USPTO’s strategic goals have been supplemented with new strategic priorities, and the strategies used in the FY 2011 Budget as follows:

Strategic Priorities	Strategies
<ul style="list-style-type: none"> ▪ Reduce the time to first office action on the merits to 10 months for patent applications by 2013 ▪ Reduce average total pendency to 20 months for patent applications by 2014 	<ul style="list-style-type: none"> ▪ Develop and implement a comprehensive pendency reduction plan ▪ Improve examination process and prosecution efficiencies
<ul style="list-style-type: none"> ▪ Improve quality of examination as measured by new metrics developed in conjunction with our PPAC, TPAC and stakeholders 	<ul style="list-style-type: none"> ▪ Utilize analytics to redefine patent quality measurement ▪ Refine training strategies to improve quality of examination. ▪ Determine if there is a need to change current law or practice regarding identifications of goals and services in trademark applications ▪ Establish criteria for evaluating “excellent office actions”
<ul style="list-style-type: none"> ▪ Improve/enhance patent appeal and post-grant processes through management changes, hiring and patent reform legislation 	<ul style="list-style-type: none"> ▪ Increase BPAI production capacity and productivity, optimize BPAI appeals workflow, reduce the number of appeals briefs that are filed, and transform the Board to a Judicial Tribunal.
<ul style="list-style-type: none"> ▪ Demonstrate global leadership in all aspects of IP policy development 	<ul style="list-style-type: none"> ▪ Develop data-driven IP policies aimed at accelerating innovation across all business models and industries ▪ Identify and implement approaches to simplify, streamline and harmonize IP laws, procedures and practices ▪ Reinvigorate and integrate international work-sharing (PCT, PPH) into USPTO operations ▪ Maintain ongoing bilateral, Trilateral and IP initiatives ▪ Conduct internal revalidation of all Trademark-related domestic and international initiatives ▪ Improve the process/system to validate use or intended use of Trademark registrations

Strategic Priorities	Strategies
	<ul style="list-style-type: none"> ▪ Develop new, creative approaches to international enforcement issues ▪ Revalidate copyright-related domestic and international initiatives ▪ Reinforce the view that strong IP enforcement is consistent with certain exceptions and limitations, such as access to copyrighted materials by the blind and visually impaired
<ul style="list-style-type: none"> ▪ Improve IT infrastructure and tools 	<ul style="list-style-type: none"> ▪ Disseminate all USPTO data in a timely manner to the public ▪ Improve collaboration of examination tools to support a nationwide workforce ▪ Expand educational opportunities by leveraging e-learning for USPTO staff and the public ▪ Retire outdated electronic systems or infrastructure and replace those systems with modern, scalable, redundant, secure, isolated and virtualized systems and environment ▪ Provide end-to-end processing of patent applications in XML standard ▪ Move existing Trademark IT systems to modern environments ▪ Improve USPTO OCIO service excellence ▪ Improve service organization infrastructure
<ul style="list-style-type: none"> ▪ Implement a sustainable funding model for operations 	<ul style="list-style-type: none"> ▪ Reform USPTO's fee structure to provide sufficient financial resources to enable innovation and optimize the administration of the U.S. IP system
<ul style="list-style-type: none"> ▪ Improve relations with stakeholder community 	<ul style="list-style-type: none"> ▪ Provide transparency to USPTO operations (i.e., director messaging, federal register notices, news releases) ▪ Expand public access to more USPTO data ▪ Expand dialogues with stakeholders ▪ Improve labor-management partnerships

Performance Measures

2007-2012 Strategic Plan Measures	Updated Measures
Goal 1	
Patent Allowance Compliance Rate	Final rejection and allowance compliance rate*
Patent In-Process Examination Compliance Rate	Non-final in-process examination compliance rate*
Patent Average First Action Pendency	Patent Average First Action Pendency/(UPR)
- - -	Inventory position (months)**
Patent Average Total Pendency	Patent Average Total Pendency/UPR
Patent Efficiency	Patent Efficiency
Patent Applications Filed Electronically	Patent Applications Filed Electronically
Patent Applications Managed Electronically	- - -
Goal 2	
Trademark First Action Compliance Rate	Trademark First Action Compliance Rate
- - -	Excellent Office Action***
Trademark Final Action Compliance Rate	Trademark Final Compliance Rate
Trademark Average First Action Pendency	Trademark Average First Action Pendency
Trademark Average Final Action Pendency	Trademark Average Total Pendency
Trademark Efficiency	Trademark Efficiency

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2007-2012 Strategic Plan Measures	Updated Measures
Trademark Applications Filed Electronically	- - -
Trademark Applications Managed Electronically	Trademark Applications Processed Electronically
Goal 3	
- - -	Percentage of countries on the USTR 301 list, awaiting WTO accession, or targeted by OIPPE for improvements that have positively amended or improved their IP systems.
Number of instances in which USPTO experts review IP policies/standards	- - -
Improving worldwide IP expertise for U.S. Government interests	- - -
Plans of actions, mechanisms, and support programs initiated or implemented in developing countries	Number of countries that implement at least 75% of action steps which improve IP protections in their joint cooperation, action or work plans

* The USPTO is seeking input from stakeholders on how quality should be measured. A Federal Register Notice has been published, asking for stakeholders' comments on quality. New quality measures will be introduced based on this feedback. In the meantime, the agency shifted resources from end-process review to place more emphasis on front-end quality and reviewing non-final actions in order to prevent unnecessary re-work. This approach also allows the agency to focus on final disposition of applications including final rejections.

**The USPTO is instituting a new, more transparent measure related to the backlog of unexamined applications. The traditional first action pendency measure reflects work that has already received a first action, and therefore is not reflective of work waiting to be completed. The new "inventory position" (in months) measure relates the current backlog to the capacity of the agency to complete that work and is more reflective of the first action pendency of the unexamined backlog. This additional measure will allow the agency to have visibility into the process from another perspective.

***A new quality measure that focuses on the excellence of the entire Office Action to supplement existing measures that assess correct decision making.