



Patent Public Advisory Committee

# USPTO Budget Update

*April 29, 2010*



# FY 2010 Status

Mid-year Execution Review currently underway

## Current Plans:

- ↪ Patent Examiners – Hire 250 Experienced IP Professionals
- ↪ Support Units – Limited to Attrition Replacements
- ↪ Production OT funding
- ↪ PCT Outsourcing funding

Fee collection estimate \$146 - \$232 million above appropriation



# FY 2010 Fee Estimates and Assumptions

For the Period Ending February 28, 2010

(Dollars in Millions)	FY 2009	FY 2010			FY 2011	
	Actual	Initial Operating Plan/Appropriated Collections	Revised Estimate Provided to Congress	End-of-Year Projected Fee Collections Range		President's Budget Request
Date of Estimate	September 2009	July 2009	December 2009	Low February 2010	High February 2010	February 2010
Total USPTO Fee Collections	\$1,875	\$1,887	\$2,003	\$2,033	\$2,119	\$2,322
Projected Unavailable Fee Collections			\$116	\$146	\$232	
Total Patent Fee Collections	\$1,656	\$1,669	\$1,785	\$1,813	\$1,894	\$2,110
Total Trademark Fee Collections	\$218	\$218	\$218	\$220	\$225	\$211
Major Patent Fee Collections:						
Maintenance Fees	\$547	\$569	\$658	\$660	\$699	\$786
Filing/Search/Examination Fees	\$268	\$247	\$266	\$268	\$276	\$308
Issuance/Publication Fees	\$292	\$285	\$320	\$347	\$366	\$392
PCT Fees	\$118	\$118	\$119	\$118	\$123	\$132
Extensions of Time Fees	\$131	\$124	\$128	\$126	\$134	\$163
RCE/Continuation Fees	\$103	\$120	\$95	\$99	\$96	\$102
<b>Assumptions Used to Develop Fee Collection Estimates</b>						
CPI/Surcharge to Fee Rates:	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).	No increase to patent statutory fee rates (based on annual CPI increase).	15% increase to patent statutory and RCE fee rates to provide interim funding.
Filing Growth Rates:	Patent filings growth rate was -2% (460,924 filings)(including RCEs growth of 25% (138,449 filings)). Trademark filings growth rate was -12% (352,051 filings).	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%). Trademark filings growth rate estimated at 1%.	Patent filings estimated to have no growth (RCEs decrease 4%). Trademark filings growth rate estimated at 1%.	Patent filings estimated to increase 2% (RCEs decrease 6%). Trademark filings growth rate estimated at 6%.	Patent filings estimated growth rate -1% (RCEs decrease 6%). Patent filings reduced slightly to account for elasticity of demand due to fee increase. Trademark filings growth rate estimated at 5%.
Patent Issue:	163,345 issues.	164,411 planned issues.	181,000 planned issues.	196,605 planned issues.	206,014 planned issues.	196,700 planned issues. Workloads reduced slightly to account for elasticity of demand due to fee increase.
Patent Maintenance:	80% of patent issued 4 years prior renewed, 76% of first stage renewals 4 years prior renewed and 69% of second stage patents renewed 4 years prior renewed.	74% of patent issued 4 years prior will renew, 67% of first stage renewals 4 years prior will renew and 63% of second stage patents renewed 4 years prior will renew.	83% of patent issued 4 years prior will renew, 79% of first stage renewals 4 years prior will renew and 72% of second stage patents renewed 4 years prior will renew.	89% of patent issued 4 years prior will renew, 77% of first stage renewals 4 years prior will renew and 72% of second stage patents renewed 4 years prior will renew.	98% of patent issued 4 years prior will renew, 81% of first stage renewals 4 years prior will renew and 77% of second stage patents renewed 4 years prior will renew.	80% of patent issued 4 years prior will renew, 77% of first stage renewals 4 years prior will renew and 72% of second stage renewals 4 years prior will renew. Workloads reduced slightly to account for elasticity of demand due to fee increase.

**Notes:**

The Initial Operating Plan fee collection totals is the FY 2010 Appropriated Collections total of \$1,887 million, and is the FY 2010 estimate in the FY 2011 President's Budget submission.

The Projected Unavailable Fee Collections are the difference between the End-of-Year Projected Fee Collections and the Initial Operating Plan (Appropriated Collections total).

Projected fee collections are based on actual and anticipated demand for products and services and work processed throughout the year, including assumed efficiency gains.

Historical with-in year and current trends are included in these estimates.

UPR filings through February: 182,524; a straight line projection would yield 462,131 filings by year end (0% growth). Historical trends of 3rd and 4th quarter behavior provide the low and high range estimates.

RCE filings through February: 55,424; a straight line projection would yield 137,283 filings by year end (1% decline). Work process assumptions and historical trends provide the low and high range estimates.

Trademark filings through February: 144,100; a straight line projection would yield 360,070 filings by year end (3% growth). Historical trends of 3rd and 4th quarter behavior provide the low and high range estimates.

Issues through February: 72,265; a straight line projection would yield 208,030 by year end. Historical trends of 3rd and 4th quarter behavior, and with work process assumptions provide the low and high range estimates.

Renewal rates through February (projected for annual rates) are: 105%, 80% and 76%. 3rd and 4th quarter eligible renewals, and historical trends provide the low and high range estimates.



# FY 2011 Budget Highlights

President's Budget submitted to Congress on February 1, 2010

Under Secretary testimony on March 25, 2010 highlighting:

- ↗ Aggressive reduction in patent application backlog and pendency combined with improved quality
  - ⇒ Targeted hiring
  - ⇒ Efficiency improvements through reengineering many management and operational systems
- ↗ Invest in rethinking our information technology infrastructure
- ↗ Establish a sustainable funding model to finance operations in support of strategic priorities and Administration goals
  - ⇒ Interim Fee Increase
  - ⇒ Fee Setting Authority
  - ⇒ Establish Operating Reserve



# FY 2012 Budget Process

## April

- ↪ Post the draft Strategic Plan for Comments

## May - June

- ↪ Develop Initiatives and Justifications for review
- ↪ PPAC provides feedback on Initiatives
- ↪ CFO briefs DoC on USPTO's FY 2012 Budget Request to OMB

## July - August

- ↪ Strategic Plan is finalized
- ↪ Draft FY 2012 Budget to DoC and PPAC for review
- ↪ DoC and PPAC's feedback incorporated into budget document

## September

- ↪ FY 2012 OMB Budget Request is finalized with Congressional Justification level Exhibits



# Contact Information

Karen Strohecker, Acting CFO

[Karen.Strohecker@uspto.gov](mailto:Karen.Strohecker@uspto.gov)

(571) 272-9200

Mark Olechowski, Deputy CFO

[Mark.Olechowski@uspto.gov](mailto:Mark.Olechowski@uspto.gov)

(571) 272-9200

Brendan Hourigan, Director, Office of Corporate Planning

[Brendan.Hourigan@uspto.gov](mailto:Brendan.Hourigan@uspto.gov)

(571) 272-6295