

Patent Public Advisory Committee Meeting

USPTO Budget Update



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FY 2012 Resource Status

- Fiscal conditions are currently stable.
 - USPTO budgetary spending is generally in line with plans – spent about 46% of the budget by mid year.
 - Spending will accelerate later in the year particularly as additional examiners are brought on board.
 - Patents operating reserve estimates are targeted to be in the vicinity of \$120M by the end of year.
- Revenue has largely recovered from a start-of-year dip due to a large number of filings in advance of the 15% patents fee surcharge.
 - Revenue is currently only about 7% below planning levels, down from 18% through the first quarter.
 - \$1.5 billion collected so far (through May), about 60% of the planning level for this year.



FY 2012 Resource Status

Revenue is being monitored closely:

- Planning for the likelihood of not meeting original estimate of Track 1 volumes at 10K; working estimates were changed in April to 5K.
- Anticipating a surge in revenue towards the end of the fiscal year with planned implementation of a consumer price index (CPI) fee adjustment.
 - CPI NPRM published on May 14th. Comment period closed yesterday (June 13th).
 - Implementation still planned for October 1, 2012.



Outlook for FY 2013

Outlook is good assuming Section 10 fee rule is implemented in a timely manner:

- Fee proposals outlined at the February PPAC meeting have been improved as a result of initial feedback from PPAC members and the public.
- An NPRM with supporting documentation has been developed and vetted internally.
 - A draft was provided to PPAC members at the end of May.
 - The NPRM will enter the interagency review process very soon.
 - Still assuming a March 2013 implementation date of updated fees.



Outlook for FY 2013

Given current conditions, resource initiatives will continue to move forward into the new fiscal year:

- Patents will continue hiring plans, including 3,000 new examiners between FY 2012 and FY 2013.
- PE2E and other information technology initiatives will continue.
- Current Patents production performance levels will be maintained.



Outlook for FY 2013

Caveat - plans are subject to change, particularly depending on:

- Prevailing revenue trends, including any transitional effects of fee changes tied to the Sec. 10 rulemaking.
- Any changes tied to the current or potentially new Administration.
- Effects of government-wide budgetary policies.
 - Example: USPTO expects to be exempt from any budget sequestration if there is no budget agreement by December, though at this time this is not assured.



FY 2014 Planning

USPTO is beginning the process of developing budgetary plans for FY 2014:

- At this time, there are no significant shifts in resource priorities and performance targets are planned.
- While this is an election year, budgetary planning is proceeding normally with budget proposals due to the Administration in September.
- Offices within USPTO are working with CFO to revalidate funding needs for next year, and the ensuing five years to be covered in the FY 2014 budget.



FY 2014 Planning

- FY 2014 planning will need to incorporate any final decisions on the form and structure of updated fees and likely revenue levels.
- CFO will likely be able to discuss updated budget projections at the next PPAC meeting.