



OCFO - Financial Status of USPTO

May 7, 2010



FY 2010 Status

Authorized level of \$1,887.0 million

Mid-year Budget Execution Review currently underway

Roughly 52% of available resources have been obligated

Current Plans:

- ↪ Patent Examiners – Hire 250 Experienced IP Professionals
- ↪ Support Units – Limited to 2010 Attrition Replacements
- ↪ Limited patent production OT funding
- ↪ Outsource PCT search
- ↪ Carryover roughly \$85M in Trademark fees into FY 2011

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



FY 2010 Fee Estimates and Assumptions

For the Period Ending March 31, 2010

	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
(Dollars in Millions)				Low	High	
Date of Estimate	September 2009	July 2009	December 2009	March 2010	March 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
Assumptions Used to Develop Fee Collection Estimates						
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%). <i>Patent filings reduced slightly to account for elasticity of demand due to fee increase.</i> 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. <i>Workloads reduced slightly to account for elasticity of demand due to fee increase.</i>
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. <i>Workloads reduced slightly to account for elasticity of demand due to fee increase.</i>



FY 2010 Fee Estimates and Assumptions (Cont.)

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 March 230,292; a straight line projection would yield 466,230 filings by year end (1% growth). Historical trends of 3rd and 4th quarter behavior provide the low and high range estimates.
- RCE filings through March 69,764; a straight line projection would yield 140,628 filings by year end (0% growth). Work process assumptions and historical trends provide the low and high range estimates.
- Trademark filings through March 184,395; a straight line projection would yield 365,770 filings by year end (4% growth). Historical trends of 3rd and 4th quarter behavior provide the low and high range estimates.
- Issues through March 102,643; a straight line projection would yield 209,459 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 March (projected for annual rates) are: 102%, 78% and 74%. 3rd and 4th quarter eligible renewals, and historical trends provide the low and high range estimates.



FY 2010 Cost Allocations

For the Period Ending March 31, 2010

Expense vs. Revenue Summary (Patent and Trademark Split)

FY 2010 Q2	Patent Share		Trademark Share	
Expenses by Organization				
Patent	\$ 636,332,539	100.0%		
Trademark			\$ 52,596,979	100.0%
U/Sec	\$ 714,692	50.6%	\$ 696,512	49.4%
Office of Public Affairs	\$ 474,748	88.4%	\$ 62,593	11.6%
External Affairs	\$ 7,576,561	71.7%	\$ 2,996,733	28.3%
Office of General Counsel	\$ 5,177,891	83.0%	\$ 1,057,618	17.0%
Rent	\$ 46,060,795	89.3%	\$ 5,515,370	10.7%
MGE	\$ 42,271,732	88.7%	\$ 5,366,698	11.3%
OCIO	\$ 91,568,058	79.3%	\$ 23,915,148	20.7%
OCFO	\$ 10,950,418	78.8%	\$ 2,944,088	21.2%
OCAO	\$ 12,418,139	87.3%	\$ 1,805,940	12.7%
Total Expense	\$ 853,545,573	89.8%	\$ 96,957,679	10.2%
Fee Revenue	\$ 903,558,499	89.0%	\$ 111,770,482	11.0%
Variance - Costs vs Revenues	\$ (50,012,926)		\$ (14,812,803)	
Direct (\$)	\$ 636,332,539	74.6%	\$ 52,596,979	54.2%
Allocated Direct (\$) ¹	\$ 85,847,849	10.1%	\$ 14,008,428	14.4%
Allocated Indirect/Overhead (\$) ²	\$ 131,365,186	15.4%	\$ 30,352,273	31.3%
Totals	\$ 853,545,573	100.0%	\$ 96,957,679	100.0%

Note: Boards are included in Patent and Trademark costs.

Fee Revenue is Earned Revenue from the Statement of Net Cost.

¹ Total Direct -EM Direct Costs

² Allocated Indirect



FY 2011 Budget Highlights

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

Under Secretary testimony on March 25, 2010 highlighting:

- ↪ High Priorities - Patent pendency and quality goals
- ↪ Invest in Patent and Trademark information technology to improve performance and address stakeholder needs
- ↪ Establish a sustainable funding model to finance operations in support of strategic priorities and Administration goals
 - ⇒ Interim Patent Fee Increase
 - ⇒ Fee Setting Authority
 - ⇒ Establish Operating Reserve



FY 2012 Budget Process

April - June

- ↪ Post the draft Strategic Plan for Comments
- ↪ Develop FY 2012 Budget initiatives and justifications for review
- ↪ TPAC provides feedback on FY 2012 Budget 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 TPAC for review
- ↪ DoC and TPAC's feedback incorporated into budget document

September

- ↪ FY 2012 OMB Budget Request

November - December

- ↪ FY 2012 President's Budget Request