



Patent Public Advisory Committee

# USPTO Budget Update

*Chief Financial Officer*

*July 8, 2010*



# FY 2010 Status

## FY 2010 Original Operating Plan – Bleak Outlook (October 2009)

- ✂ No Patent Examiner Hiring
- ✂ No Patent Examiner Recruitment Bonuses
- ✂ Limited Patent Examiner OT and no Support Unit OT
- ✂ PCT Contract Support funded at minimal level
- ✂ No Support Unit Hiring

## Impact on USPTO Mission Alleviated Through

- ✂ Increased Fees over the last few months of FY 2009
- ✂ Redirection of funds allocated for Early Data Capture
- ✂ Redirection of funds allocated for non-contractual employee awards
- ✂ Enactment of lower pay raise than originally projected
- ✂ Halting of work on specific IT development projects
- ✂ Negotiation of a lower OPM Transfer Payment

## Current Plans now Include Funds to (July 2010):

- ✂ Hire 250 Patent Examiners
- ✂ Fund Programs Designed to Increased Retention Rate of Patent Examiners
- ✂ Continue Payment of Retention Bonuses
- ✂ Continue Production OT through Aug 1st
- ✂ Continue PCT Outsourcing contract through Aug 9th
- ✂ Allow Attrition Replacements in Support Units

## FY 2010 Fee collection estimate \$146 - \$232 million above appropriation

- ✂ Administration supports USPTO gaining full access to FY 2010 fees



# FY 2010 Fee Estimates and Assumptions

For the Period Ending May 31, 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
				Low May 2010	High May 2010	
Date of Estimate	September 2009	July 2009	December 2009			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 0% (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 within year and current trends are included in these estimates.

UPR filings through May 301,831; a straight line projection would yield 473,180 filings by year end (3% growth). Historical trends of 3rd and 4th quarter behavior provide the low and high range estimates.

RCE filings through May 97,996; a straight line projection would yield 149,073 filings by year end (7% growth). Work process assumptions and historical trends provide the low and high range estimates.

Trademark filings through May 244,421; a straight line projection would yield 370,388 filings by year end (5% growth). Historical trends of 3rd and 4th quarter behavior provide the low and high range estimates.

Issues through May 137,114; a straight line projection would yield 208,580 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 May (projected for annual rates) are: 103%, 80% and 77%. A renewal rate above 100% is possible, given the multi-month renewal payment window, but not expected to continue through the remainder of this fiscal year. 3rd and 4th quarter eligible renewals, and historical trends provide the low and high range estimates.



# FY 2011 Status

## FY 2011 Base Review currently underway

- ↪ Encompasses explanation and justification of base resources
- ↪ Provides enhanced transparency to all stakeholders
- ↪ Ensures resources are consistent with strategic priorities and performance goals
- ↪ Solid and clear explanation of how we are using our base resources will put us in a better position to justify further increases
- ↪ Outcome of review will be incorporated into FY 2012 Budget Submission



# FY 2012 Budget Process

## April - June 2010

- ↪ Develop FY 2012 Budget initiatives and justifications for review
- ↪ PACs provide feedback on FY 2012 Budget initiatives
- ↪ CFO briefs DoC on USPTO's FY 2012 Budget Request to OMB

## July – August 2010

- ↪ FY 2012 Budget initiatives and justifications are prioritized
- ↪ Post the draft Strategic Plan for Comments
- ↪ PPAC meeting July 8th
- ↪ Draft FY 2012 Budget to DoC and PACs for review
- ↪ DoC and PACs feedback incorporated into budget document

## September 2010

- ↪ Strategic Plan is finalized (available to the public by October 1)
- ↪ FY 2012 OMB Budget Request

## November - December 2010

- ↪ Develop the FY 2012 President's Budget Request