USPTO budget update

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May 7, 2020
Patent Public Advisory Committee quarterly meeting
Agenda

• FY 2020 status
• FY 2021 status
• FY 2022 budget
• Fee rulemaking
FY 2020 status: Patent financial outlook

- **Fee collection revenues**
  - USPTO fee collection revenues are highly correlated with gross domestic product.
  - FY 2020 Q2 estimates GDP contraction of -14% to -30% and diminished expectations for the remainder of FY 2020.
  - Patent revenues forecasts are between $3.0B and $3.1B.

- **Expenses**
  - Patent expenses are $3.2B in FY 2020 and $3.45B in FY 2021.
  - The agency is reviewing requirements to assess if patents expenses should be reduced in response to revenue risks.

- **Patent Reserve**
  - The Patent Reserve is currently $361M.
FY 2020 status: year to date

• As of March 31, 2020, year to date:
  – Planned fee collections: $1,726.3M
    • Patents: 1,548.0M Trademarks: $178.3M
  – Actual fee collections: $1,712.9M
    • Patents: $1,548.6M Trademarks: $164.3M
  – Actual spending: $1,949.0M
    • Patents: $1,731.9M Trademarks: $217.1M
FY 2020 status: Patent fee estimate

Estimate Adjusted for Actual Collections

- Oct: $3,093M
- Nov: $3,117M
- Dec: $3,204M
- Jan: $3,160M
- Feb: $3,161M
- Mar: $3,150M
- Apr: $3,101M
- May: $3,101M
- Jun: $3,101M
- Jul: $3,417M (timing TBD)

Revenue assumption:
- Oct: $2,976M
- Nov: $3,000
- Dec: $3,100
- Jan: $3,200
- Feb: $3,300
- Mar: $3,400
- Apr: $3,500
- May: $3,600
The President signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) on March 27, 2020.

CARES Act provides the USPTO Director authority to defer deadlines and fee payments.

USPTO implemented targeted relief for Patents and Trademarks.

Patents Current Relief (issued March 31):

- Broad relief for small and micro entities, and limited relief for large entities.
- With 100% participation, relief would be up to $19.5M/week ($163.5M through May 31st).
Anticipated impact of the targeted relief on fee revenue is a revenue reduction of up to $19.5M per week.

- Filings: up to $3.0M/week
- RCE Fees: up to $4.3M/week
- Issue Fees: up to $6.5M/week
- Extension of Time Fees: up to $2.5M/week
- Maintenance Fees: up to $2.4M/week
- Patent Trial and Appeal Board: up to $546.9K/week
- Petition and Misc. Fees: up to $225.5K/week
FY 2020 status: spending

• The USPTO is conducting a thorough spending review of its FY 2020 requirements. The objective is to:
  – Evaluate agency priorities
  – Ensure operating reserve balance are sufficient to mitigate revenue reduction risks

• The agency is:
  – Assessing where spending reduction and delays could occur
  – Closely monitoring daily fee collections and spending
FY 2021 status

• Requirements:
  – FY 2020 spending reductions and deferrals, as well as revisions to anticipated fee collections, may require the USPTO to review and update budget assumptions for FY 2021.

• Appropriation process for FY 2021:
  – The House and Senate CJS subcommittee appropriation hearings occurred on March 4, 2020 and March 5, 2020 respectively.
    • Both hearings focused on other bureaus within the Department of Commerce
FY 2022 budget

• The USPTO is in the planning stages for the FY 2022 OMB budget submission.
  – The process will consider the impacts of fee and budget changes to FY 2020 and how it will impact FY 2021, FY 2022, and outyear requirements.

• The PACs and DOC will receive a draft to review in late August 2020.

• The final document is scheduled to be submitted to OMB in early September 2020.
Fee rulemaking

• Next step: Publish the final rule in the Federal Register.
• USPTO’s Director will make a decision on the effective date of the fee changes at a later time.
Thank you!

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