

**UNITED STATES
PATENT AND TRADEMARK OFFICE**



USPTO budget update

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Patent Public Advisory Committee quarterly update

UNITED STATES
PATENT AND TRADEMARK OFFICE

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Agenda

- FY 2020 status
- FY 2021 status
- FY 2022 budget
- Fee rulemaking

FY 2020 status:

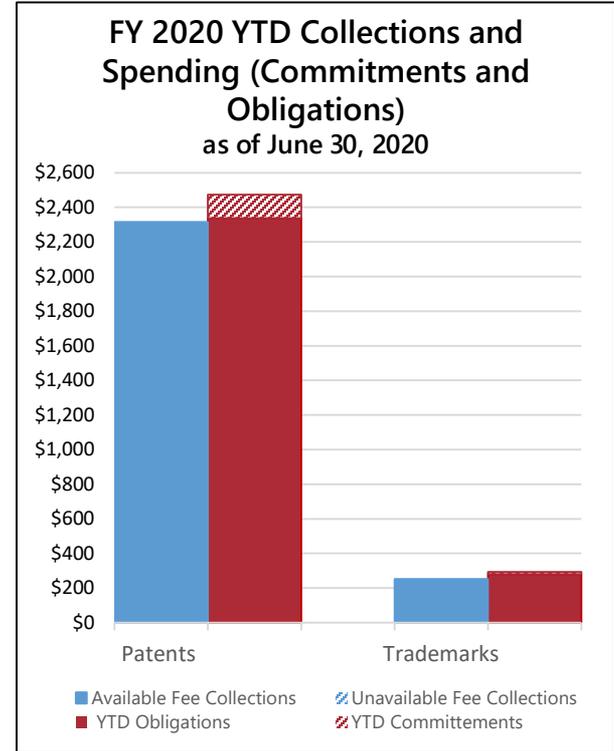
Patent financial outlook

- Fee collection revenues
 - Patent revenues forecasts are between \$3.1B and \$3.6B, depending on fee rule timing and the level of prepayments before fee rates increase.
 - Through June 30th, patent fee collections were 99.1 percent of plan.
- Expenses
 - Patent expenses are \$3.15B in FY 2020, down from \$3.18B at the beginning of the year.
 - The agency recently reduced patent expenses by \$15.5M in response to potential revenue risks, including deferring patent examiner and support business unit hires.
 - Additional contingency plans developed but not implemented.



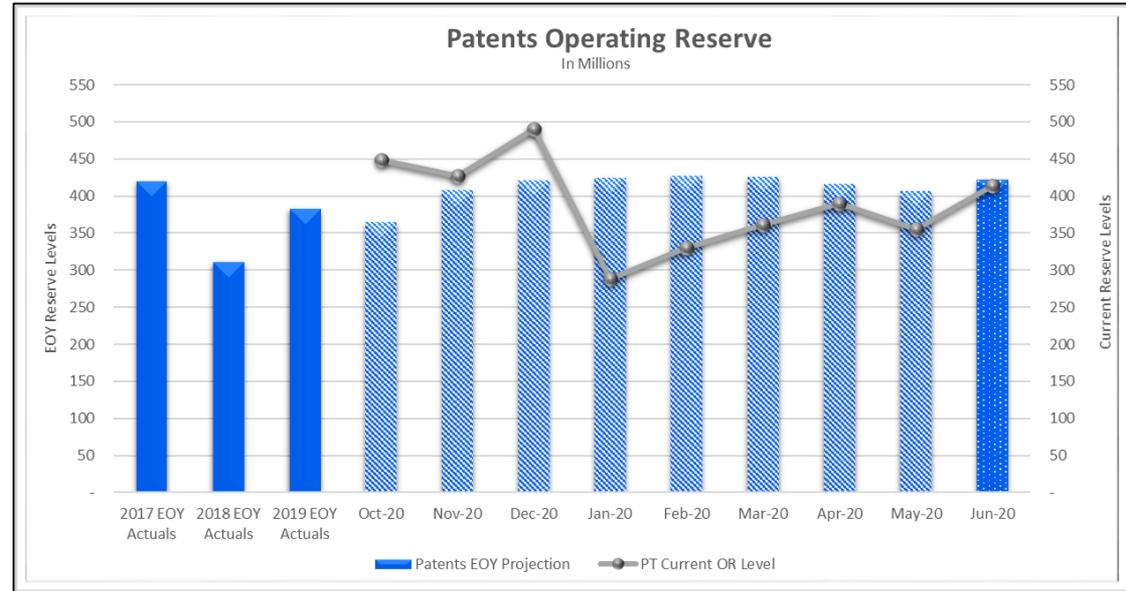
FY 2020 status: year to date

- As of June 30, 2020, year to date:
 - Planned fee collections: \$2,607.3M
 - Patents: \$2,336.7M Trademarks: \$270.6M
 - Actual fee collections: \$2,568.5M
 - Patents: \$2,315.6M, Trademarks: \$252.9M
 - Actual spending: \$2,766.4M
 - Patents: \$2,473.6M Trademarks: \$292.8M



FY 2020 status: operating reserve

- Currently, the patent reserve is projected to be between \$388M and \$410M by the end of FY 2020.



FY 2020 status: USPTO fee relief–status and impact

- The USPTO has extended from July 1, 2020, to September 30, 2020, the time for **small and micro entities** to pay certain patent-related fees that would have been due on or after March 27, 2020.
 - Fees eligible for an extension include: basic filing fees, issue fees, maintenance fees, and select other fees.
- For large entities, the initial notice provided extensions for fees including: requests for continued examination, issue fees, and select other fees. After May 31, 2020, relief will be available to those large entities who need it on a case-by-case basis.
- The USPTO has also waived the fee for filing a petition for the revival of applications that became abandoned, if accompanied by a statement that the delay in filing or payment was due to the COVID-19 outbreak. Such petitions must be filed by July 31, 2020.
- From April to June, collections for fees eligible for CARES relief were 2.3 percent below plan (-\$2.3 M); total collections were 2.7 percent below plan (-\$21.3M).

(millions)	Total patent fees				Eligible fees			
	Plan	Actual	Variance		Plan	Actual	Variance	
April	\$271.7	\$267.3	(\$4.3)	-1.6%	\$34.3	\$33.1	(\$1.2)	-3.5%
May	\$254.4	\$236.6	(\$17.7)	-7.0%	\$31.7	\$31.4	(\$0.3)	-1.0%
June	\$262.7	\$263.0	\$0.3	0.1%	\$34.4	\$33.6	(\$0.8)	-2.4%

FY 2021 status

- **Requirements**
 - The agency has reviewed and revised its FY 2021 spending requirements in consideration of projected revenue collections and targeted operating reserve levels.
 - The agency projects that the current negative economic environment will still impact patent applicant and patent holder behavior in FY 2021.
- **Appropriation process for FY 2021.**
 - The House CJS subcommittee markup occurred July 8, 2020.
 - The Senate CJS subcommittee markup will occur later this summer.



FY 2022 budget

- The USPTO is finalizing its requirements for the FY 2022 OMB budget submission.
- The PACs and Department of Commerce will receive a draft to review in late August 2020.
- The final document is scheduled to be submitted to OMB on September 14, 2020.

Fee rulemaking

- PPAC initially held a public hearing on September 6, 2018, to notify the public of the USPTO's intent to adjust patents fees.
- The Setting and Adjusting Patent Fees during Fiscal Year 2020 Notice of Proposed Rulemaking (NPRM) was published in the Federal Register on July 31, 2019.
- The NPRM comment period ended on September 30, 2019.
- The USPTO paused implementation of the final rule to assess the broader implications of the current economic environment.
- The USPTO released the Setting and Adjusting Patent Fees during Fiscal Year 2020 Final Rule on Monday, August 3, 2020 and it will take effect on October 2, 2020



Thank you!

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