Trademarks management report

David Gooder
Commissioner for Trademarks
Trademarks management report agenda

• FY 2023 YTD business operations update
  – Filing performance and staffing
• Financial update (OCFO)
• Management updates
  – Policy, Admin/IT, and Operations
Trademark filing performance
Trademark application filing levels

FY 2023 - projected
- 823,000 classes
- +4.5% vs FY 2022

FY 2022
- 787,795 classes
- -16.5% vs 2021
- +6% vs 2020

FY 2021
- 943,928 classes
- +27.5%

FY 2020
- 738,112 classes
- +9.5%

FY 1990 - FY 2021
- Grown 642%
- CAGR 6.5%
Share of application classes filed by applicant's domicile (FY 2018 - FY 2022)
Trademarks staffing

- 1,071 employees (8.1% of USPTO)
- 718 examining attorneys (67% of Trademarks)
  - 93 hires onboarded in FY 2022
  - 90+ hires planned in FY 2023
Where are we today...literally!

A total of 1,071 professionals
- 942 TEAP or Remote 50
  - 87.95%
- 23 Hotelers
  - 2.15%
- 95 Routine
  - 8.87%
- 7 Situational
  - 0.65%
- 4 no telework
  - 0.37%
Trademark Public Advisory Committee (TPAC) financial management update

Sean Mildrew
November 4, 2022
Agenda

• FY 2022 recap
• FY 2023 status
• On the horizon
**FY 2022 financial recap**

The end of year trademark operating reserve was $208.7M, which is above the minimum operating reserve level of $120M

<table>
<thead>
<tr>
<th></th>
<th>Patents</th>
<th>Trademarks</th>
<th>USPTO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USPTO FY 2022 appropriation level</strong></td>
<td>$3,608.3</td>
<td>$450.1</td>
<td>$4,058.4</td>
</tr>
<tr>
<td>Update to fee revenue estimate</td>
<td>23.5</td>
<td>8.2</td>
<td>31.6</td>
</tr>
<tr>
<td><strong>End of year fee revenue</strong></td>
<td>3,631.7</td>
<td>458.3</td>
<td>4,090.0</td>
</tr>
<tr>
<td>Less fees collected in PTFRF</td>
<td>(23.5)</td>
<td>(8.2)</td>
<td>(31.6)</td>
</tr>
<tr>
<td>Operating reserve and other revenue 1/</td>
<td>521.0</td>
<td>214.0</td>
<td>735.0</td>
</tr>
<tr>
<td>Recoveries in Excess of Apportionment</td>
<td>(3.3)</td>
<td>-</td>
<td>(3.3)</td>
</tr>
<tr>
<td><strong>Total FY 2022 funds available</strong></td>
<td>4,125.9</td>
<td>664.2</td>
<td>4,790.1</td>
</tr>
<tr>
<td>Total end of year spending</td>
<td>(3,354.2)</td>
<td>(455.5)</td>
<td>(3,809.7)</td>
</tr>
<tr>
<td><strong>End of year operating reserve</strong></td>
<td>$771.7</td>
<td>$208.7</td>
<td>$980.4</td>
</tr>
</tbody>
</table>

1/ This line reflects the beginning of year operating reserve balance plus estimated other revenue and deducts the OIG Transfer. The OIG Transfer of $2M is required per our appropriation. Other revenue includes recoveries, parking fees, reimbursements, and expenditure refunds.

**Patent and Trademark Fee Reserve Fund (PTFRF):** The revenue collections were $31.6M above the appropriation level resulting in a deposit to the PTFRF.
FY 2022 spending

The agency spent 93% of plan, which is slightly below prior year spending

End of year spending: plan vs. actual. ($ in millions)

- Compensation: $2,766 (Plan), $2,618 (Actual)
- Rent: $123 (Plan), $117 (Actual)
- Printing: $181 (Plan), $175 (Actual)
- Contracts: $768 (Plan), $643 (Actual)
- Equipment: $213 (Plan), $202 (Actual)
- Other: $63 (Plan), $55 (Actual)
FY 2022 monthly spending vs fee revenue

Trademark spending levels exceeded fee collections throughout most of the year

FY 2022 actual trademark spending vs. revenue.

($ in millions)

*Spending includes commitments and obligations.
FY 2022 trademark fee collections

EOY fee collections were below planning levels

As of September 30, 2022
EOY collections: $459M
EOY above/below current plan: ($5M), -1.0%

The current plan is based on an updated FY 2022 working estimate refreshed in June 2022.

EOY collections reflect aggregate fee collections and does not include year-end fee collection adjustments.
FY 2022 trademarks EOY collections above/below annual plan

The current plan is based on an updated FY 2022 working estimate refreshed in June 2022.
FY 2022 trademarks operating reserve

The operating reserve balance is $89M above minimum levels

As of September 30, 2022
Present operating reserve balance: $209M
25 day moving average of operating reserve balance: $216M
FY 2023 status

- The current Continuing Resolution (CR) is through December 16, 2022.
  - The USPTO is held to an adjusted spending level calculated from the FY 2022 appropriated level of $4.058 billion.
    - Last year’s appropriation is $195M less than USPTO’s request for FY 2023.
    - USPTO is also authorized to spend carryover (operating reserve) and other income.
- Fee revenue in excess of the FY 2022 appropriation is currently in the PTFRF. The $31.6M ($8.2M in trademark revenue) will be available after the reprogramming request is approved.
On the horizon

• USPTO submitted it’s FY 2024 budget request to OMB in September 2022.

• The FY 2024 President’s Budget request should be submitted to Congress in early February 2023.

• USPTO plans to release its 2022-2026 Strategic Plan in the winter.
Thank you!

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Deputy Chief Financial Officer

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David Gooder
Commissioner for Trademarks

Additional management updates