

# Setting and Adjusting Patent Fees during FY 2017 – Aggregate Revenue Estimating Methodology

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This document provides an explanation of the figures and calculations underlying the fee estimates found in the aggregate revenue tables developed in support of the Notice of Proposed Rulemaking (NPRM). The complete set of tables, one for each of the four alternatives considered, is available at <http://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting>. This document has five sections:

- I. **Background**
- II. **Proposed Alternative**
- III. **Unit Cost Recovery Alternative**
- IV. **Across the Board Adjustment Alternative**
- V. **Baseline (Current Fee Schedule) Alternative**

Section I provides background information and additional detail on the revenue estimating methodology that the Office uses to develop aggregate fee estimates for the four alternatives considered. Sections II – V explain the approach for calculating the aggregate revenue estimates for each alternative. Questions related to the aggregate revenue estimating methodologies discussed in the narrative are welcome. For further information contact Brendan Hourigan, Office of Planning and Budget, by telephone at (571) 272-8966.

## **SECTION I: BACKGROUND**

The aggregate revenue tables provide current and proposed fee rates, estimated workloads (requests for services) including any elasticity estimates, and projected fee collections at the individual fee code level for each of the years FY 2017 through FY 2021 for each of the four alternatives considered. For a description of how individual fee rates were determined for each alternative, see Part VII, B: Regulatory Flexibility Act, in the NPRM. For a description of estimating workloads (requests for services), see Part IV: Fee Setting Methodology, in the NPRM.

## **SECTION II: PROPOSED ALTERNATIVE**

The aggregate revenue table for the proposed alternative presents aggregate fee estimates based on the fee rates proposed in the NPRM. Columns A through G are fee rates from FY 2016 to FY 2021 based on the proposed rulemaking. Columns A and B show current fee rates. Column C indicates proposed fees assumed to be implemented on April 1, 2017. These fees remain the same through FY 2021 (column G).

Columns H through N are workloads projected from FY 2017 to FY 2021. Each column represents the workloads for each fiscal year, unless it indicates a specific period on top. For example, column H displays workloads from October 1, 2016 to March 31, 2017, to show workloads prior to the proposed fee adjustments. Likewise, column I exhibits the forecasted workloads after the proposed fee adjustments on April 1, 2017. These two columns, H and I, are then added to calculate the aggregate workloads for FY 2017 in column J. In the case of fees that have a variable fee rate, for example, the fee to collect payment for the costs of disciplinary proceedings, values in columns H through N reflect the anticipated revenue associated with that service in aggregate dollars rather

than the number of individual requests for service, as these columns are used for fees with fixed fee rates.

Columns O through U are projected revenues from FY 2017 to FY 2021. Each column denotes the aggregate fee collections for each fiscal year, except for columns O and P, which present partial year collection estimates. Fee collections are calculated by multiplying the fee rate column and workload column for each period noted. For instance, column O, which indicates fees collected between October 1, 2016 and March 31, 2017, is calculated by multiplying columns B and H. Similarly, column P, which shows fees collected after the proposed fee adjustments on March 31, 2017, is calculated by multiplying columns C and I. Columns O and P are then added to get the aggregate fee collections for FY 2017, in column Q. Columns R, S, T and U are calculated by multiplying columns D and K, E and L, F and M, and G and N, correspondingly.

### **SECTION III: UNIT COST RECOVERY ALTERNATIVE**

This alternative sets most individual large entity fees at the historical cost of performing the activities related to the particular service in FY 2015. This alternative is fully described in the Initial Regulatory Flexibility Analysis (IRFA), which is available in the NPRM (see Part VII, B). The table calculation methodology for the Unit Cost Recovery table is identical to that described in Section II for the Proposed Alternative.

#### **SECTION IV: ACROSS THE BOARD ADJUSTMENT ALTERNATIVE**

This alternative uses the Office's AIA section 10 fee setting authority to apply an inflationary adjustment of 5.0 percent to the Baseline. This alternative is fully described in the IRFA, which is available in the NPRM (see Part VII, B). The table calculation methodology for the Across the Board Adjustment table is identical to that described in Section II for the Proposed Alternative.

#### **SECTION V: BASELINE (CURRENT FEE SCHEDULE)**

This alternative uses fee rates in the current patent fee schedule that became effective on January 1, 2014 (last revised on April 9, 2016). The Baseline is fully described in the IRFA, which is available in the NPRM (see Part VII, B). The table calculation methodology for the Baseline (Current Fee Schedule) is identical to that described in Section II for the Proposed Alternative.