

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

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 Final Rule. 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. **Final Rule 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 new 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 VIII, B: Regulatory Flexibility Act, in the Final Rule. For a description of estimating workloads (requests for services), see Part IV: Fee Setting Methodology, in the Final Rule.

SECTION II: FINAL RULE ALTERNATIVE

The aggregate revenue table for the final rule alternative presents aggregate fee estimates based on the fee rates established in the Final Rule. Columns A through G are fee rates from FY 2016 to FY 2021 based on the final rule. Columns A and B show current fee rates. Column C indicates fee rates to be implemented on September 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 August 31, 2017, to show workloads prior to the fee adjustments. Likewise, column I exhibits the forecasted workloads after the fee adjustments on September 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 August 31, 2017, is calculated by multiplying columns B and H. Similarly, column P, which shows fees collected after the fee adjustments on September 1, 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 Regulatory Flexibility Analysis (RFA), which is available in the Final Rule (see Part VIII, B). The table calculation methodology for the Unit Cost Recovery table is identical to that described in Section II for the Final Rule 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 RFA, which is available in the Final Rule (see Part VIII, B). The table calculation methodology for the

Across the Board Adjustment table is identical to that described in Section II for the Final Rule 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 January 14, 2017). The Baseline is fully described in the RFA, which is available in the Final Rule (see Part VIII, B). The table calculation methodology for the Baseline (Current Fee Schedule) is identical to that described in Section II for the Final Rule Alternative.