

**U.S. Patent and Trademark Office**

**FISCAL YEAR 2017**

**CONGRESSIONAL JUSTIFICATION**

**February 9, 2016**

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**UNITED STATES PATENT AND TRADEMARK OFFICE  
FISCAL YEAR 2017  
The USPTO Congressional Budget Justification  
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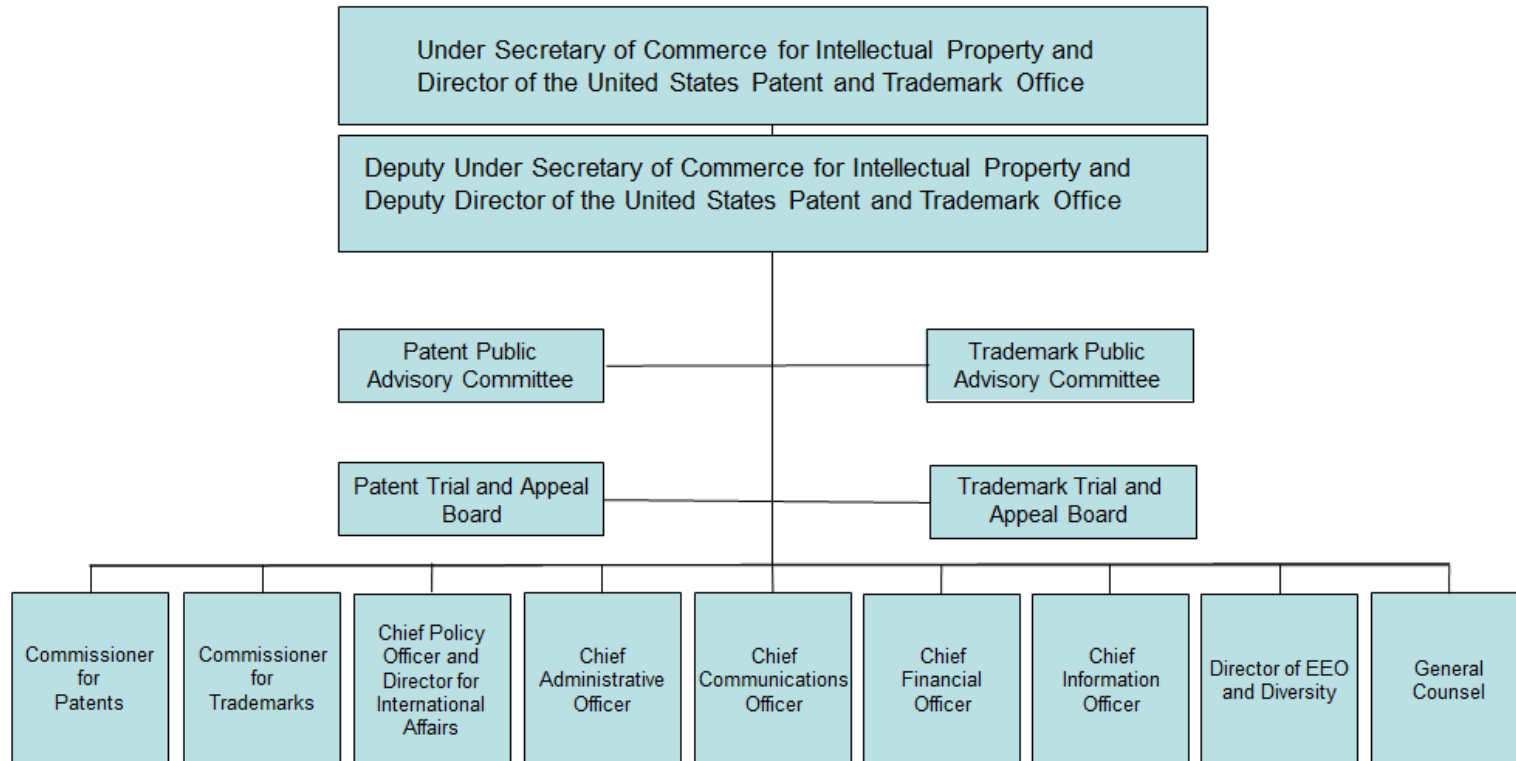
# **INTRODUCTION**

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## Exhibit 2 – Organization Chart

### UNITED STATES PATENT AND TRADEMARK OFFICE



## **Description/Scope of Responsibilities**

The United States Patent and Trademark Office (USPTO/Office) is an agency within the United States Department of Commerce (DOC).

The USPTO fosters innovation and competitiveness by providing high quality and timely examination of patent and trademark applications, guiding domestic and international intellectual property (IP) policy, and delivering IP information and education worldwide. Two distinct business lines, Patents and Trademarks, administer the patent and trademark laws which provide protection to inventors and businesses for their inventions and corporate and product identifications, and encourage innovation and scientific and technical advancement of United States (U.S.) industry through the preservation, classification, and dissemination of patent and trademark information.

The Office is led by the Under Secretary of Commerce for Intellectual Property and Director of the USPTO, who consults with the Patent Public Advisory Committee (PPAC) and the Trademark Public Advisory Committee (TPAC) on Office policies, goals, performance, budget, and user fees. The Patent organization is under the direction of the Commissioner for Patents, and the Trademark organization is under the direction of the Commissioner for Trademarks. The Commissioners each enter into an annual performance agreement with the Secretary of Commerce, which outlines the measurable organizational goals for which each is responsible.

In fiscal year (FY) 2017, the USPTO is expected to employ approximately 13,100 federal employees including patent examiners, trademark examining attorneys, computer scientists, attorneys, and administrative staff. Employee engagement, which helps facilitate the recruitment and retention of a highly qualified workforce, is a core component of the Office's business strategy.

The USPTO serves inventors, entrepreneurs, businesses, and attorneys in the United States and around the world. Stakeholders also include intellectual property organizations and international entities, such as the World Intellectual Property Organization (WIPO).

The USPTO is headquartered in Alexandria, Virginia, and has four regional offices (formerly referred to as satellite offices) around the country. The USPTO opened the Elijah J. McCoy Regional Office in Detroit, Michigan in July 2012 and the Rocky Mountain Regional Office in Denver in June 2014. The permanent West Coast Regional Office in Silicon Valley opened in October 2015, and the Texas Regional Office in Dallas opened in November 2015.

In addition, the USPTO has two storage facilities located in Virginia and Pennsylvania.

The USPTO's legislative authorities are included in Exhibit 32 (page 127).

## Exhibit 3 – Executive Summary

With full access to its fee collections to offset its funding requirements, the USPTO's FY 2017 net appropriation would be \$0.

For FY 2017, the USPTO requests the authority to spend fee collections of \$3,321 million. Along with \$22 million from other income, these fee collections will fund operating requirements of \$3,244 million and a transfer of \$2 million to the DOC Office of the Inspector General (OIG), and 12,835 full-time equivalents (FTE), and result in \$97 million being added to the operating reserve balance, as shown in the following table.

### USPTO Total Budget Requirements

	FY 2015	FY 2016	FY 2017
Total Obligations	\$3,176	\$3,231	\$3,244
Plus: Transfer to DOC/OIG	\$2	\$2	\$2
<b>Total Requirements</b>	<b>\$3,178</b>	<b>\$3,233</b>	<b>\$3,246</b>
Less: Offsetting Fee Collections	\$3,009	\$3,089	\$3,321
Less: Other income	\$23	\$32	\$22
To (-) / From (+) Operating Reserve	\$147	\$112	(\$97)
<b>Net Appropriation</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
FTE	12,469	12,757	12,835

### Financial Planning and Resource Management

During FY 2015, patent application filings and fee collections were trending less than the planned levels, raising concerns about FY 2016. With ongoing uncertainty about the impact of changes in the patent system, the USPTO concluded it would be difficult to predict whether or not the recent dip in patent application filing rates would linger, or if long-term application filing growth rates would resume. Therefore, the FY 2017 President's Budget reflects lower patent application filing growth rates for FY 2016 through the out years compared to those shown in the FY 2016 President's Budget.

As the USPTO continues to pursue improvements, spending requirements were projected to out-pace projected fee collections by the end of FY 2017. Recognizing that spending at planned levels was unsustainable, the USPTO determined it would be financially prudent to prioritize agency spending across multiple years, and establish minimum operating reserve levels of \$300 million for patents and \$55 million for trademarks for FY 2016 and FY 2017 to mitigate the risks of uncertain fee levels, with the expectation that these reserve levels would grow to the optimal levels during the budget planning horizon.

In implementing this decision, the USPTO placed high priority on financing its fixed operating costs – such as paying for on-board staff, production and operating requirements – and strategically focusing its investments in improvement initiatives. This includes initiatives that required continuous long-term, stable funding during FY 2016 and FY 2017; e.g., patent quality and pendency, international work sharing, Patent Trial and Appeal Board (PTAB) operations and trial activities, and information technology (IT) related to these improvements. The Office

also prioritized funding needed to complete IT investments currently bearing the high cost of maintaining legacy systems.

At the same time, the USPTO recently completed its biennial fee review. Fee change proposals were presented to the TPAC and the PPAC in early FY 2016. In accordance with the AIA, both the TPAC and the PPAC held public hearings on the USPTO's trademark and patent fee proposals, respectively. As of the release of this Budget, the USPTO has received TPAC's report on the trademark fee proposal and is currently assessing its recommendations. The PPAC's feedback on the patent fee proposal is expected after submission of the FY 2017 Budget.

Because the FY 2017 Budget will be submitted prior to the USPTO completing its review of the TPAC and PPAC recommendations, the projected fee estimates shown in this Budget for FY 2017 and beyond (marked "With Fee Increases") reflect the fee proposals that were presented at the public hearings. The USPTO anticipates that both proposals will be revised once it has thoroughly assessed the formal feedback from the two hearings.

The USPTO anticipates publishing the notices of proposed rulemaking during the coming year at which time the USPTO will present its updated fee collection estimates for FY 2017 through FY 2021. Where appropriate, the Budget shows the fee collection estimates "With Fee Increases" as well as "Without Fee Increases."

The FY 2017 President's Budget reflects the results of these two major processes in that it articulates cost adjustments planned for the current and budget years, anticipated spending requirements for the out years, projected fee collections based on modified workload projections, estimated fee collections "With Fee Increases" and "Without Fee Increases", and a commitment to fiscally prudent minimum and optimal operating reserve balances.

Collectively, these address the concerns raised by the Senate Committee on Appropriations in Senate Report 114-66 that patent fee collections have fallen below projected amounts while spending continues to increase. The Committee asked that the USPTO articulate its long-term plan for addressing this concern in the FY 2017 Budget.

### Highlights

At the FY 2017 funding level, the Office will continue implementing its *2014-2018 Strategic Plan*, which highlights the following priorities:

- Enhance patent and trademark quality by maintaining and improving quality measurement, and maximizing its usage to improve the quality of patent and trademark examination. This includes a renewed and enhanced focus on patent quality which centers on excellence in prosecution products and services, measurement, and customer service.
- Continue to reduce patent pendency and the backlog of unexamined patent applications, while working with stakeholders to refine long-term pendency goals that will meet the needs of both the Office and the IP community.
- Maintain trademark pendency by continuing to align examination capacity with incoming workloads.
- Improve efficiencies and examination capacity through training and retaining a nationwide and adaptable workforce.

- Increase the PTAB's ability to provide timely and high quality decisions by defining optimal pendencies for PTAB proceedings, and ensuring consistency in PTAB decisions.
- Increase international cooperation and work sharing.
- Ensure optimal IT service delivery to both employees and stakeholders by transitioning to next generation technology and services, while continuing to provide optimal service on legacy systems to employees and public users.
- Continue and enhance stakeholder and public outreach to promote the availability of educational resources for applicants and other users.
- Continue managing a sustainable funding model.
- Continue implementing White House Executive Actions to improve the environment for future innovation.

### **FY 2017 Budget Plans: Budget and Performance at a Glance (BPAG) Chart**

The USPTO operates like a business in that it fulfills requests for IP products and services from around the world that are paid for by the customer. In many instances, these requests are received in one fiscal year and fulfilled in a subsequent year. Therefore, the Office engages in multi-year planning and budgeting. In doing this, the Office relies heavily on global and domestic economic activity, as well as policies and legislation, process efficiencies, and applicant behavior in forecasting workload and fee collections. These in turn affect production models that are produced by the Patent and Trademark organizations, as well as by the PTAB. Further details about this process are included in Appendix I.

In formulating its annual budget requirements, the USPTO identifies the performance targets it expects to achieve in order to fulfill its mission, goals, and objectives as documented in its strategic plan. It then identifies the budget requirements needed to meet these performance targets and the fee collections needed to fund those requirements.

The Budget and Performance at a Glance (BPAG) Chart that follows reflects the USPTO's multi-year planning activities. Current budget planning must take into consideration prior year actual circumstances and anticipated future year actions. Therefore, the FY 2017 and out year estimates on the BPAG Chart build off of the FY 2016 Current Plan estimates that reflect a slower patent application filing growth rate that first materialized in FY 2015, and continued investment in IT as shown in the IT Portfolio (pages 25-32).

The BPAG Chart summarizes the USPTO's FY 2017 performance commitments through the major performance and workload indicators that will be achieved with the required funding. The performance indicators are a combination of the USPTO's Government Performance and Results Act (GPRA) measures, and those that are used for internal management purposes. Current performance information can be found at the Data Visualization Center at [www.uspto.gov](http://www.uspto.gov). The BPAG Chart also shows the estimated funding requirements and FTE for FY 2017 and the out years, along with the projected fee collections and operating reserve activity.

Details about the USPTO's major performance measures can be found in Appendix VIII, the FY 2017 Performance Planning and FY 2015 Reporting Backup.

## USPTO FY 2017 Budget and Performance-at-a-Glance

<i>(Dollars in thousands)</i>	FY 2015 Actual	FY 2016 President's Budget	FY 2016 Current Plan	FY 2017 President's Budget	FY 2018 Estimate	FY 2019 Estimate	FY 2020 Estimate	FY 2021 Estimate
<b>USPTO GOAL 1: OPTIMIZE PATENT QUALITY AND TIMELINESS</b>								
Amount	2,804,329	3,130,701	2,880,381	2,887,575	3,069,701	3,112,243	3,163,068	3,226,028
Full Time Equivalent (FTE)	11,377	12,063	11,529	11,518	11,467	11,393	11,287	11,233
Utility, Plant and Reissue (UPR) Applications Filed	580,327	620,700	586,100	594,900	606,800	625,000	650,000	676,000
UPR Applications Filed – Percent Change Over Previous FY	-0.3%	3.50%	1.00%	1.50%	2.00%	3.00%	4.00%	4.00%
Average First Action Pendency/UPR (Months)	17.3	14.9	14.8	13.7	12.2	10.9	10.3	10.2
Average Total Pendency/UPR (Months)	26.6	24.4	25.4	22.9	22.1	20.6	19.5	19.1
Quality Index Report (QIR)*	90.6	94.0	94.0	94.0	94.0	94.0	94.0	94.0
UPR Examiners On-Board at End-of-Year	8,261	8,418	8,160	8,087	8,022	7,937	7,832	7,777
UPR First Actions	632,337	682,800	653,200	622,800	631,600	635,500	635,600	634,700
UPR Disposals	609,277	656,400	626,900	609,600	618,200	622,000	623,100	622,200
UPR Units of Production	620,807	669,600	640,100	616,200	624,900	628,700	629,300	628,500
Total Cost Per Patent Production Unit	\$4,614	\$4,742	\$4,558	\$4,745	\$4,964	\$4,993	\$5,060	\$5,159
UPR Issues	325,037	319,000	332,300	329,300	337,200	338,900	339,600	339,200
UPR Unexamined Patent Application Backlog	553,221	464,900	474,600	434,700	397,400	374,000	374,700	401,600
Forward Looking First Action Pendency/UPR (Months)	13.8	11.4	12.4	11.1	10.1	9.5	9.5	10.3
<b>USPTO GOAL 2: OPTIMIZE TRADEMARK QUALITY AND TIMELINESS</b>								
Amount	312,335	300,814	290,457	292,887	329,920	334,964	344,883	360,613
FTE	942	1,061	1,039	1,123	1,186	1,250	1,306	1,366
Applications Received (Includes Extra Classes)	503,889	516,000	539,000	579,000	626,000	676,000	720,000	763,000
Applications Received – Percent Change Over Previous FY	10.7%	6.8%	7.0%	7.4%	8.1%	8.0%	6.5%	6.0%
Exceptional Office Action rate	48.3%	37.0%	40.0%	40.0%	40.0%	40.0%	41.0%	42.0%
First Action Compliance Rate	96.7%	95.5%	95.5%	95.5%	95.5%	95.5%	95.5%	95.5%
Final Compliance Rate	97.6%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%
Average First Action Pendency (Months)	2.9	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5
Average Total Pendency (Months) Excluding Suspended and Inter Partes Proceedings	10.1	12	12	12	12	12	12	12
Balanced Disposals	985,587	1,032,000	1,051,800	1,151,400	1,245,900	1,344,900	1,436,000	1,523,700
Office Disposals	439,020	507,900	520,700	567,400	613,900	662,600	707,200	750,000
Total Cost Per Trademark Disposal	\$657	\$638	\$600	\$556	\$576	\$541	\$520	\$511
Examining Attorneys On-Board at End-of-Year	456	496	498	537	583	628	660	700

<i>(Dollars in thousands)</i>	<b>FY 2015 Actual</b>	<b>FY 2016 President's Budget</b>	<b>FY 2016 Current Plan</b>	<b>FY 2017 President's Budget</b>	<b>FY 2018 Estimate</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>	<b>FY 2021 Estimate</b>
<b>USPTO GOAL 3: PROVIDE DOMESTIC AND GLOBAL LEADERSHIP TO IMPROVE INTELLECTUAL PROPERTY POLICY, PROTECTION AND ENFORCEMENT WORLDWIDE</b>								
Amount	59,420	67,374	60,402	63,393	66,575	67,376	68,374	69,727
FTE	150	190	189	194	194	194	194	195
Percentage of prioritized countries for which country teams have implemented at least 75% of action steps in the country-specific action plans toward progress along four dimensions:  <ul style="list-style-type: none"> <li>• Institutional improvements of IP office administration</li> <li>• Institutional improvements of IP enforcement entities</li> <li>• Improvements in IP laws and regulations</li> <li>• Establishment of government-to-government cooperative mechanisms</li> </ul>	100.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Number of foreign officials trained on best practices to protect and enforce IP	5,283	6,500	5,000	5,500	5,500	5,500	5,500	5,500
Amounts not Supporting Goals**	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
USPTO Requirements	3,178,085	3,501,048	3,233,240	3,245,855	3,468,196	3,516,583	3,578,325	3,658,368
FTE	12,469	13,314	12,757	12,835	12,848	12,837	12,788	12,751
Fee Collections	3,008,756	3,206,672	3,088,812	3,321,024	3,705,078	3,729,789	3,898,545	4,107,595
Other Income/Recoveries	22,657	27,800	32,257	22,257	22,257	22,257	22,257	22,257
Funding to(-) / from(+) Operating Reserve	146,672	266,576	112,171	(97,427)	(259,139)	(235,464)	(342,478)	(471,486)
<b>TOTAL FUNDING</b>	<b>3,178,085</b>	<b>3,501,048</b>	<b>3,233,240</b>	<b>3,245,855</b>	<b>3,468,196</b>	<b>3,516,583</b>	<b>3,578,325</b>	<b>3,658,368</b>
Operating Reserve: Patents	402,502	142,106	309,903	384,659	618,326	814,208	1,105,623	1,520,887
Operating Reserve: Trademarks	101,782	79,359	82,210	104,880	130,353	169,935	220,997	277,220

\*The Quality Index Report measure was a subcomponent of the Patent Quality Composite Score measure previously reported. The USPTO will define and introduce revised quality metrics based on stakeholder input by September 2017. USPTO will be reporting the QIR measure until the revised quality metrics are introduced.

\*\* Amounts transferred to the Department of Commerce Office of the Inspector General.

Due to rounding, numbers presented in tables throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## FY 2017 Planning/Budget Priorities

The FY 2017 Budget requirements and performance shown in the BPAG Chart continue the significant progress the USPTO has made since the beginning of this decade. This progress is linked to successful implementation of both the *USPTO 2010-2015 Strategic Plan*, and the *Leahy-Smith America Invents Act (AIA)*. Continuation of this progress is the central theme of the *USPTO 2014-2018 Strategic Plan*<sup>1</sup> which was made public in March 2014, and which focuses on the following priorities:

### Quality

The dedicated efforts of our employees over the last few years have significantly reduced our patent application backlog and pendency. The USPTO intends to continue to build on those efforts, and the recent AIA legislation supports doing that. Through the Enhanced Patent Quality Initiative (EPQI), the USPTO has a unique opportunity to further expand its quality efforts throughout the entire process. The goal of the EPQI is to build more confidence in our patent system by enhancing patent quality; make the system understandable and usable by all inventors; and ensure each of our customers is treated fairly and professionally throughout the patent application process.

Our EPQI is focused in three areas, termed the “patent quality pillars:”

- Pillar 1 – Excellence in Work Products. Provide the best work products and services at every stage of the patent process.
- Pillar 2 – Excellence in Measuring Patent Quality. Provide excellence in measuring patent quality by ensuring that appropriate quality metrics target examination issues requiring attention.
- Pillar 3 – Excellence in Customer Service. Improve the customer experience with emphasis on excellent customer service.

These pillars were selected to enable the Office to target its efforts in enhancing patent quality in specific ways. Additionally, they help to frame and facilitate the conversation about enhanced patent quality.

The enhanced patent quality initiative was announced in a Federal Register Notice in February 2015. The USPTO received over 1,200 comments and extensive feedback which is shaping the initial programs as documented in the Patent Program section of this FY 2017 Budget.

The Trademark organization continues to meet all three of its quality targets; evidence that its investment in specialized training, online tools, and enhanced communication efforts is proving effective.

### Timeliness

The FY 2017 Budget shows continued progress in optimizing the timely examination of patent and trademark applications. In Patents, the budget plans show continued progress toward achieving an optimal working level inventory of unexamined patent applications, and performance targets of 10 months for first action pendency and 20 months for total pendency in FY 2019. Between the start of FY 2010 through the end of FY 2015, the Patent business

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<sup>1</sup> Located at <http://www.uspto.gov/about/stratplan/index.jsp>



achieved a 23 percent reduction in the unexamined patent application backlog, an 8.5 month reduction in first office action pendency, and an 8.0 month reduction in average total pendency.

The Trademark organization continues to meet and exceed its pendency targets for first action and final disposition. First action pendency has been consistently maintained between 2.5 and 3.5 months despite monthly variability in new application filings. With final pendency currently running at less than 10 months, a trademark is registered or an applicant is issued a notice of allowance on average in less than a year. This rapid processing allows applicants to act quickly on marketing strategies and business plans.

### **Global IP Policy Protection & Enforcement**

The USPTO is responsible for advising the President, through the Secretary of Commerce, and Federal agencies on national and international IP policy issues, including IP protection in other countries. In this way, the USPTO drives the development of domestic and international IP policy, recognizing that each informs the other. The USPTO develops and advances U.S. IP policy abroad to influence development of foreign IP systems, the goal being the harmonization of IP systems so that American inventors and businesses can enjoy a predictable and level playing field when they do business worldwide. At the same time, best practices from foreign governments and industries can be used to assist the USPTO in developing U.S. policy.

With the enactment and implementation of the AIA, the USPTO is now able to pursue a 21st century globally harmonized patent system. The USPTO leads in realizing a vision of an IP world in which national and regional patent systems are coordinated to create an optimal environment for technological innovation and diffusion. U.S. patent reform has set the scene for further harmonization to simplify the process of seeking international patent protection, reduce the time it takes to obtain patent rights, and speed the deployment of innovative goods and services to the marketplace – thus promoting growth and creating jobs.

### **Information Technology (IT)**

IT is a mission-critical facilitator for every USPTO business function. The quality and efficiency of USPTO operations is directly correlated to the performance of the Office's IT systems. In addition, because patent and trademark applicants target the important U.S. market for IP protection, the growth in application filings has resulted in increased demand for USPTO services. As such, the USPTO's patent databases are among the world's largest, and they continue to grow at multiple terabytes per year. This puts considerable strain on the IT infrastructure, which can jeopardize the USPTO's ability to provide timely and quality patents and trademark registrations.

The USPTO is also committed to building high-quality, efficient, cost-effective end-to-end electronic processes that equip patent examiners and trademark examining attorneys with the tools needed to efficiently and effectively perform their jobs, and give applicants and the user community access to information and data. In fulfilling this commitment, the USPTO is adhering to sound business practices, most notably by planning for capital improvements.

Of particular significance is completing the delivery of new Trademark Next Generation (TMNG) IT system examining attorney capability, and the deployment of the first corps-wide Patent End-to-End (PE2E) IT capability to all patent examiners. The subsequent benefits of

TMNG and PE2E through improved capability and customer service, and the potential retirement of legacy systems will begin to materialize in FY 2016 and the out years.

## **Stakeholder and Public Outreach**

A major enhancement to the USPTO's fulfillment of its mission has been the establishment of offices in four regions of the country. Regional offices are open in Detroit (July 2012), Denver (June 2014), Silicon Valley (October 2015) and Dallas (November 2015). Each regional office houses patent examiners who deliver high quality and timely examination of patent applications, PTAB judges who conduct rigorous hearings, and outreach officials who disseminate IP information and education services to every continental time zone of the United States. These locations are also helping facilitate the hiring and retention of a highly qualified, diverse nationwide workforce.

Since opening the first regional office in 2012, the USPTO has successfully increased and expanded outreach activities to various local IP stakeholders, including independent inventors, business communities, universities, and other government offices in all four regions. Outreach efforts, which support enhanced quality, have focused on educational events, such as partnerships and roundtables on various IP topics. These include the expanded outreach to stakeholders and trademark owners via educational events in conjunction with the International Trademark Association (INTA); programs on IP rights for American businesses; roadshows for U.S. small and medium sized enterprises; and public outreach events on AIA Trials to share PTAB's progress and experiences, while seeking input on improvements.

## **Executive Actions**

The USPTO has been implementing seven Executive Actions related to the White House Task Force on High-Tech Patent Issues, many of which have been incorporated in the USPTO's *2014-2018 Strategic Plan*. Progress to date is included in the strategic plan progress section of the Patent Program and the Intellectual Property Policy, Protection and Enforcement (IP PP&E) Program narratives. Additional information can be found at <http://www.uspto.gov/patent/initiatives/uspto-led-executive-actions-high-tech-patent-issues>

## **Operational Excellence**

Sustainable funding is a required foundation for achieving operational excellence. Sustainable funding, including fee setting authority, the establishment of the patent and trademark operating reserves, and the Patent and Trademark Fee Reserve Fund (PTFRF)<sup>2</sup> enables the Office to manage fluctuations in revenues while sustaining operations on a multi-year basis. Section 10(i) of the AIA provides for the Office's fee setting authority to sunset seven years after date of enactment of the AIA. Given the successful implementation of the fee setting authority, the USPTO recommends removing the sunset period and making the authority to adjust by rule all patent and trademark fees established, authorized, or charged under 35 U.S.C. and the Trademark Act of 1946 (15 U.S.C. § 1051 et. seq.) permanent.

The USPTO's national expansion via the establishment of regional offices and the telework program increases the importance of managing a large and dispersed work force. The USPTO has diligently implemented additional controls, policies, procedures, and training to

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<sup>2</sup> The PTRF was established by the AIA and is a fund in the Department of Treasury where all patent and trademark fees collected in excess of the USPTO's annual appropriations are deposited.

strengthen its telework program, and we will continue to take further steps to ensure the integrity of the program. When the Telework Enhancement Act Pilot Program (TEAPP) ends or expires on December 8, 2017, General Services Administration's (GSA) authority for telework travel expenses test programs expires on that date, as well. Any additional extensions will require legislative action. USPTO will explore all options associated with the future of the TEAPP, including the exit strategy and how the agency will manage the travel program.

Additional examples of the USPTO's commitment to operational excellence include building a Senior Leadership Development Program; ensuring the security of employees at all USPTO locations; continuing to enhance our telework environment by expanding telework opportunities and developing skill sets specific to leadership in a telework environment; and establishing a Labor-Management-Forum (LMF) to focus on topics of mutual interest.

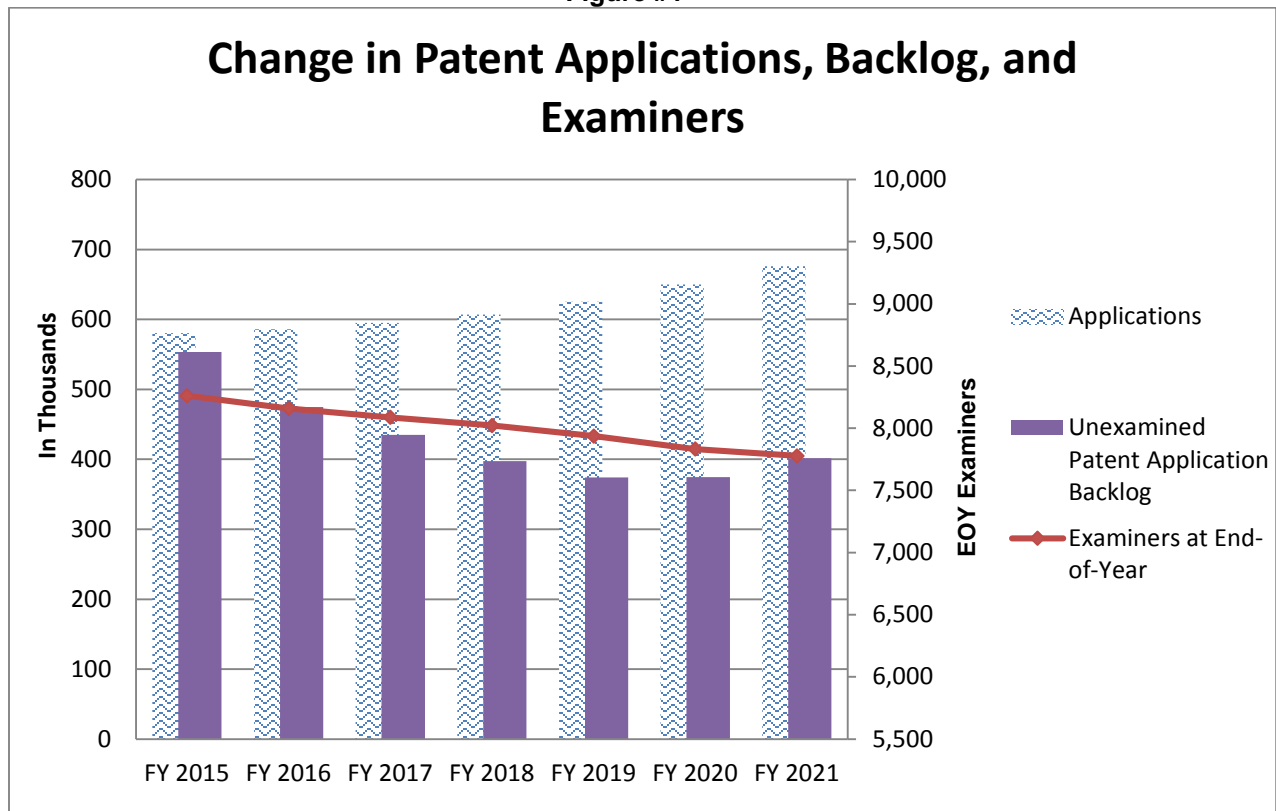
## Patent and Trademark Businesses: Five-Year Horizon

The USPTO’s planning and budget priorities are reflected in the following five-year horizon summary for the USPTO’s two business lines and primary revenue sources: Patents and Trademarks. As a fee-funded organization, the USPTO relies on user fee collections, which fluctuate based on various external and internal factors, to fund operations. A detailed description of how the USPTO develops workload and fee collection estimates for the two business lines is included in Appendix I.

### Patent Business: Five-Year Horizon

As Figure #1 demonstrates, the USPTO projects that its patent workload, after a slight negative growth rate in FY 2015, will increase each year over the next five years at the one to four percent range, somewhat lower than projected in the FY 2016 President’s Budget. As a result, the USPTO has implemented conservative patent examiner hiring plans which may need to be revisited if filings increase. Overall projected hires between FY 2016 and FY 2021 are below the number of projected examiner attritions during those years, resulting in an end of FY 2021 examiner-on-board level of 7,777 compared to 8,261 at the end of FY 2015. This staffing plan brings the examining capacity to an optimal level to address the current patent application inventory and the expected number of new patent applications. Once the USPTO achieves the optimal level, the agency will continue to closely monitor inventory and application filing levels to continue calibrating the examination capacity to maintain patent pendency goals.

Figure #1



**Figure #1 (Continued)**

Utility, Plant and Reissue	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Applications	580,327	586,100	594,900	606,800	625,000	650,000	676,000
Growth Rate	-0.3%	1.0%	1.5%	2.0%	3.0%	4.0%	4.0%
Production Units	620,807	640,100	616,200	624,900	628,700	629,300	628,500
Unexamined Patent Application Backlog	553,221	474,600	434,700	397,400	374,000	374,700	401,600
Ideal Backlog (10 months of apps)	364,333	394,900	376,600	388,100	391,600	391,700	391,200
<b>Performance Measures</b>							
Forward Looking First Action Pendency (Months)	13.8	12.4	11.1	10.1	9.5	9.5	10.3
Avg. First Action Pendency (Months)	17.3	14.8	13.7	12.2	10.9	10.3	10.2
Avg. Total Pendency (Months)	26.6	25.4	22.9	22.1	20.6	19.5	19.1
Examiners at End-of-Year	8,261	8,160	8,087	8,022	7,937	7,832	7,777

To achieve the performance commitments shown above and in the BPAG Chart on pages 12-13, the USPTO has developed its budgetary requirements, and projected its patent fee collections as shown in Figure #2 below.

**Figure #2**  
**Patent Budgetary Resources With and Without Fee Increases vs. Budgetary Requirements**

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
(Dollars in Millions)							
<b>Projected Fee Collections and Other Income:</b>							
With Fee Increase	2,755	2,828	3,005	3,348	3,353	3,500	3,687
Without Fee Increase	2,755	2,828	2,896	3,129	3,129	3,269	3,448
<b>Budgetary Requirements</b>	2,846	2,921	2,930	3,114	3,157	3,208	3,272
<b>Funding to (+) and from (-) Operating Reserve:</b>							
With Fee Increase	(91)	(93)	75	234	196	291	415
Without Fee Increase	(91)	(93)	(33)	15	(28)	60	176
<b>EOY Operating Reserve Balance:</b>							
With Fee Increase	403	310	385	618	814	1,106	1,521
Without Fee Increase	403	310	277	292	264	325	501

\*All of the above fee estimates include approximately \$18-\$26 million in other income; such as income from reimbursable agreements and recoveries.

\*\*The budgetary requirements for each fiscal year include \$1.8 million transfer to the DOC OIG.

**Projected Fee Collections.** The USPTO has completed its biennial fee review, and has proposed making fee structure adjustments through regulatory actions. The fee collection estimates shown above reflect the USPTO's patent fee proposal to the PPAC. Once the PPAC's feedback has been received, the USPTO's proposal and the resulting fee collection projections could be revised. These revisions would be reflected in the notice of proposed rulemaking which the USPTO anticipates would be published during the coming year.

Budgetary Requirements (the annual estimated operating requirements, excluding deposits in the operating reserve). The patent budgetary requirements increase at a 2.4 percent compound annual growth rate (CAGR) through FY 2021 compared to the FY 2015 level.

Patent Operating Reserve. The USPTO operating reserve policy mitigates operational risk caused by temporary changes in the economy and the USPTO's operating and financial environments. As previously noted, the recently established operating reserve policy calls for the USPTO to manage the operating reserve within a range of acceptable balances. For Patents, this means a minimum planning level of \$300 million for FY 2016 and FY 2017. In future years, the USPTO anticipates building the Patent operating reserve to the optimal level of three months operating requirements. As shown above, without a fee increase, the USPTO would meet slightly less than the minimal operating reserve in FY 2017 through FY 2019, and only slightly more in FY 2020, with a minor increase in FY 2021. With a fee increase, the USPTO begins building the patent operating reserve to the optimal level of three months operating expenses in FY 2018, achieves the optimal level in FY 2019, and begins to exceed the optimal level in FY 2020. If the projected operating reserve exceeds the estimated optimal level by 10 percent for two consecutive years, the USPTO would consider lowering fees.

#### Trademark Business: Five-Year Horizon.

The Trademark organization has committed to maintaining an average first action pendency of 2.5 to 3.5 months and an average final total pendency of 12 months or less. As shown in Figure # below, trademark applications are expected to grow at an average rate of about seven and a half percent over the five-year planning horizon. Trademark application filings exhibit a strong correlation with the general state of the economy as measured by the growth of the Gross Domestic Product (GDP). Since the recession of 2009, the U.S. economy has been on a slow recovery that has proven to be resilient in the face of persistent economic malaise in Europe, the Middle East and North Africa. The Budget assumes that the economic recovery will be sustained and, within the next few years, will increase to reach its full potential, which will boost trademark filings to the projected average annual growth rate between six and eight percent. Given this continued growth in applications, the Trademark organization will need to continue increasing its trademark examining attorney staffing levels to maintain its pendency targets.

Figure #3

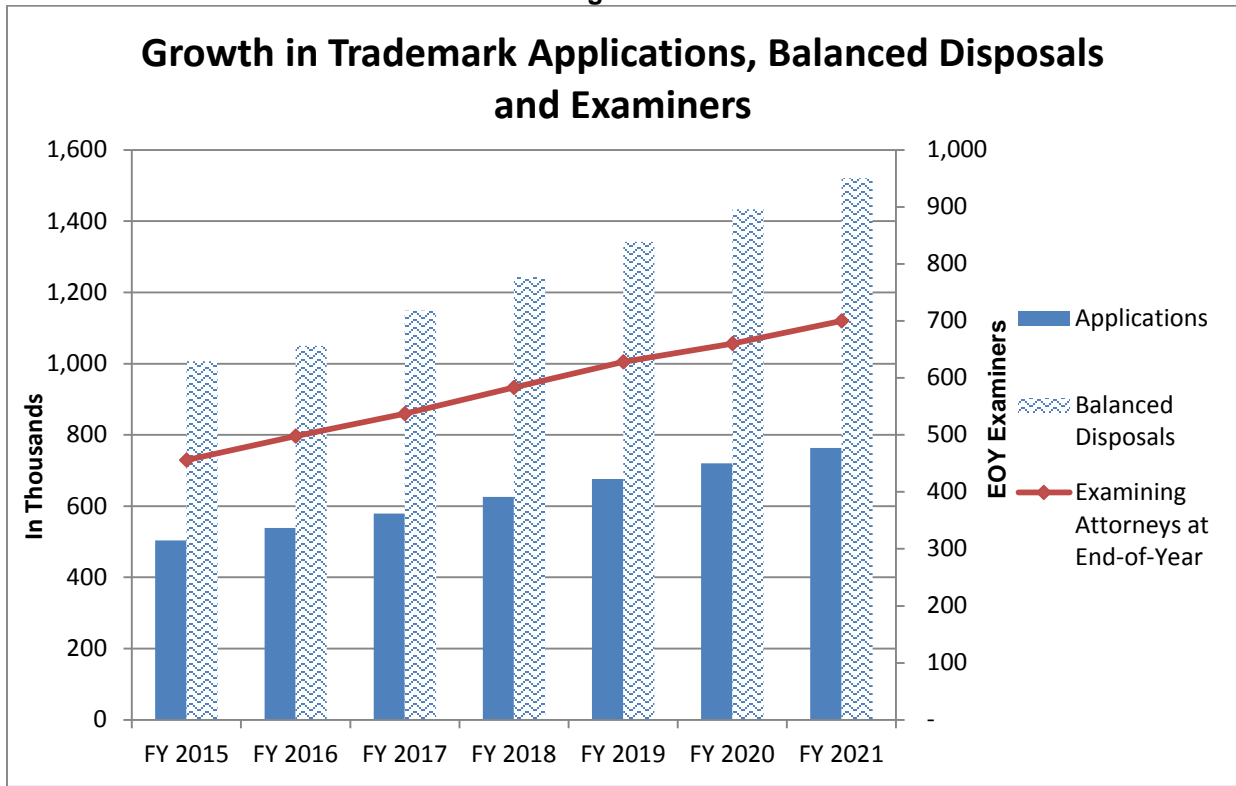


Figure #3 Continued

Trademarks	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Applications	503,889	539,000	579,000	626,000	676,000	720,000	763,000
Growth Rate	10.7%	7.0%	7.4%	8.1%	8.0%	6.5%	6.0%
Balanced Disposals	985,587	1,051,800	1,151,400	1,245,900	1,344,900	1,436,000	1,523,700
<b>Performance Measures</b>							
Avg. First Action Pendency (Months)	2.9	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5
Avg. Total Pendency (Months)	10.1	12.0	12.0	12.0	12.0	12.0	12.0
Examining Attorneys at End-of-Year	456	498	537	583	628	660	700

This five-year framework to achieve these performance targets requires the trademark budgetary resources, and projected fee collections as shown in Figure #5 below.

**Figure #4**  
**Trademark Budgetary Resources With and Without Fee Increases vs. Budgetary Requirements**

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
(Dollars in Millions)							
<b>Projected Fee Collections and Other Income:</b>							
With Fee Increase	276	293	339	380	399	421	442
Without Fee Increase	276	293	312	341	358	377	396
<b>Budgetary Requirements</b>	332	313	316	354	360	370	386
<b>Funding to (+) and from (-) Operating Reserve:</b>							
With Fee Increase	(55)	(20)	23	25	40	51	56
Without Fee Increase	(55)	(20)	(4)	(13)	(2)	7	10
<b>EOY Operating Reserve Balance:</b>							
With Fee Increase	102	82	105	130	170	221	277
Without Fee Increase	102	82	78	65	63	70	80

\*All of the above fee estimates include approximately \$4-\$6 million in other income; such as income from reimbursable agreements and recoveries.

\*\* The budgetary requirements for each fiscal year include \$0.2 million transfer to DOC OIG.

Note: A report showing the Patent and Trademark Split per Two Way Business Line for FY 2015 through FY 2021 is included as Appendix II.

**Projected Fee Collections:** The USPTO has completed its biennial fee review, and will be proposing fee structure adjustments through regulatory actions. The fee collection estimates shown above reflect the USPTO's trademark fee proposal to the TPAC. The USPTO is in the process of developing a revised fee proposal based on the TPAC's feedback. These revisions will be reflected in the notice of proposed rulemaking which the USPTO plans to publish during the coming year.

**Budgetary Requirements** (the annual estimated operating requirements, excluding deposits in the operating reserve). With a sustained economic recovery, new application filings are expected to approach their historical growth patterns and increase by 259,000 applications (classes) by FY 2021 compared to FY 2015 or a 7.2 percent CAGR. To keep pace with the incremental workloads and to support business development and implementation of new and improved IT systems, the Trademark organization will increase the number of examining attorneys. Total annual Trademark budgetary requirements are projected to increase at a 2.4 percent compound annual growth rate (CAGR) through FY 2021 compared to the FY 2015 level.

**Trademark Operating Reserve.** The USPTO estimates that the financial risk associated with the Trademark business is higher than that of the Patent business. This greater risk is due to factors such as (a) the speed in which the sensitivity and volatility related to economic fluctuations impacts trademark operations, (b) the fact that a greater percentage of fees are collected from application and related filings, and (c) the relative size of the trademark program to the USPTO and the percentage of shared services. For example, in the past, sporadic large magnitude increases in application filings of more than 27 percent have been followed by declines of more than 10 to 20 percent in filings reducing revenues quickly in the short term. Therefore, considering the risk factors such as these and information available at this time, the



USPTO has estimated that an optimal operating reserve is at least four months of operating expenses.

As shown in Figure #4, without a fee increase, trademark budgetary requirements have exceeded trademark fee collections for both FY 2014 and FY 2015 and are projected to continue to exceed fee collections without a fee increase through FY 2019. The optimal level of a four month of operating expenses in the trademark operating reserve will not be reached over the FY 2016-FY 2021 planning horizon.

With the fee increase, fee collections will exceed budgetary requirements starting in FY 2017. With the fee increase, the USPTO begins building the trademark operating reserve and is estimated to exceed the optimal level in FY 2018. If the projected operating reserve exceeds the estimated optimal level by 15 percent for two consecutive years, the USPTO would consider lowering fees. Based on estimates today, this criteria would not be met until FY 2020. Given the uncertainty in both fee collection estimates and budgetary requirements five years out, the USPTO will continue to monitor risk factors and financial estimates over the next five years before making decisions on adjusting fees.

## The USPTO Information Technology (IT) Portfolio

As a production-oriented entity, the USPTO relies upon IT as a mission-critical enabler for every aspect of its operation. The quality, efficiency, and productivity of patent and trademark operations correlate to the performance of their IT systems, which are in the latter stages of major modernization efforts. To accomplish its performance-based strategies, the USPTO continuously engages in multi-year efforts to upgrade its business systems, and the IT infrastructure supporting those systems to keep pace with emerging business needs and technology standards.

The USPTO has produced an *Overview of Information Technology Plan for FY 2015-2018*, which contains additional information for the initiatives and systems described below. The Overview can be found at <http://www.uspto.gov/about/offices/cio/strategic2.0-web-508.pdf>

### The IT Portfolio Budget

The USPTO requests \$595.6 million in FY 2017 for its IT portfolio, which will address the following priorities in support of the Office's four programs: Patents; Trademarks; IP Policy, Protection and Enforcement (IP PP&E); and Management (including IT infrastructure and IT support services). This total represents a 10.5 percent decrease from FY 2016.

### IT Priorities

Operations and Maintenance (O&M) funds are required to sustain the current level of functionality, performance and compliance with Federal laws, regulations, and directives. Funds in this category are used for compensation for all USPTO staff who have a technology focus, O&M contractor services, hardware maintenance and routine service agreements, software license renewal and purchase, telecommunications, and IT support for the nationwide workforce program.

IT Project Funds. Also known as the USPTO's Capital Improvement Fund (CIF), these funds were grouped together in 2008 in recognition that future success for the USPTO core mission depends upon a transparent and consistent level of funding for IT improvements. CIF resources are administered in accordance with USPTO's Capital Planning and Investment Control (CPIC) process. The USPTO manages these resources to ensure a consistent level of funding for IT capital improvements from year-to-year as projects are initiated and completed, new projects are approved, and as adjustments are warranted by other factors, such as USPTO staffing levels. The CIF consists of the following three components:

- Business Project funds for development and enhancement projects for the IT components of business improvement efforts.
- Enterprise Infrastructure Project funds to maintain the USPTO's IT infrastructure at a level that will support the USPTO's strategic goals and objectives.
- Capital Hardware Replacement funds to replace IT equipment on a regular cycle in order to keep operations and maintenance costs stable and low, to take advantage of vendor releases for new Commercial Off-The-Shelf (COTS) products, and to manage capital hardware replacement projects that will improve business capabilities.

New Hires & Telework Equipment includes the funds required to purchase new end-user equipment for new hires (e.g., universal laptops, monitors, printers, etc.), and new teleworker equipment (e.g., routers, docking stations, monitors, printers, etc.).

### Total USPTO IT Portfolio by Program

The following table shows how total IT funds are allocated by USPTO budget program in FY 2015 through FY 2021 through the Information Resources (IR) sub-programs.

(Dollars in Thousands)

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Patent IR	213,407	188,620	161,978	172,293	171,812	171,867	172,529
Trademark IR	60,890	45,338	41,469	52,290	51,437	52,250	52,642
IP PP&E IR	984	342	360	1,105	1,105	1,108	1,113
Management IR	62,511	53,745	41,069	50,696	51,816	50,381	53,018
Management - IT Infrastructure and IT Support Services	356,580	377,612	350,738	392,893	368,808	366,333	390,437
TOTAL	694,371	665,657	595,613	669,279	644,977	641,939	669,740

For additional information about all IT investments, please see the U.S. IT Dashboard at <https://itdashboard.gov/>.

### PATENT PROGRAM

A key objective in the *USPTO 2014-2018 Strategic Plan* is to ensure optimal IT service delivery to all users, including continued development and implementation of the Patent End-to-End (PE2E) IT capability. This will be done by expanding upon the initial end-to-end processing capability to include “specialized” processing to enable the Patent Program to phase-out its legacy systems and existing IT capabilities; expanding the amount and use of intelligent data in end-to-end processing; and continued development of tools for sharing patent processes and work products among global IP stakeholders.

The USPTO initially introduced and deployed industry-leading technologies that offer the following benefits to Patent employees:

- Scalable infrastructure that will meet the needs of a growing, geographically dispersed Patent Examining Corps;
- Stable technology that will minimize service outages;
- Well-supported tools that provide large support communities; and
- New technologies supporting text-based (XML) functionality.

The PE2E development continued to provide releases of new functionality to its designated pilot audiences. Additionally, the Patent organization was able to deploy text based XML versions of key patent case documents to the entire Patent Examining Corps.

The following table shows the costs associated with PE2E:

		(Dollars in Thousands)			
Exhibit 300 Type	Exhibit 300 ID	FY 2014	FY 2015	FY 2016	FY 2017
Major	101.PE2E-SE	\$ 59,401	\$ 10,057	\$ -	\$ -
	101.PE2E-2	\$ -	\$ 101,841	\$ 117,306	\$ 89,273
<b>Major Total</b>		<b>\$ 59,401</b>	<b>\$ 111,898</b>	<b>\$ 117,306</b>	<b>\$ 89,273</b>

Planned activities include the following:

- Deploy enhancements to the Document and Application Viewer (DAV); e.g., to display docket in various views (FY 2016) and to include MADRAS functionality (FY 2017).
- Deploy production beta of PE2E Official Correspondence tool with significant functionality for both function and workflow (FY 2016) and to entire Patent Examination Corps (FY 2017) with integration with PE2E examiner tools (FY 2018).
- Deploy production beta of PE2E Search to a pilot audience with a majority of search functions and all production collections (FY 2016) and deploy to the Patent Examination Corps (FY 2017).
- Implement a pilot program for applicants to file, view and retrieve patent applications in text-based documents (FY 2016) and expand and deploy functionality in production (FY 2017).
- Develop Active Component services for Global Dossier (FY 2016) and expand Active Component services (FY 2017).
- Implement Cooperative Patent Classification (CPC) collaboration tools in the cloud and complete CPC enhancements (FY 2016).
- Begin the replacement of the legacy Patent Application and Location Monitoring (PALM) system with a more highly available open standards-based architecture solution (FY 2016) and continue replacement (FY 2017).

Patent Legacy Systems. The Patent organization currently relies on over 40 legacy systems that support nearly every aspect of Patent business operations. These applications are grouped into patent capture and processing systems, which focus on initial processing and examination support, and patent search systems, which focus on both primary and specialized search and retrieval. In addition, extensive commercial databases are accessed by patent examiners as part of their application review process.

The IT goals are to retire these legacy systems as quickly as practicable. However, until that milestone is achieved, the USPTO must ensure stability of the legacy systems to meet both internal and external user needs; improve their scalability to support increasing user base and data requirements; upgrade legacy systems to meet legislative, federal mandates, and international treaty agreements; and develop legacy system retirement plans.

Patent Information Activities. The modernization, development, and management of patent IT systems are coordinated under the Patent Information Resources sub-program. This includes patent support personnel who serve as business process experts in working with the IT

experts by providing technical expertise and project management in the development of Patent Program systems supporting electronic filing and patent business operations.

Patent Trial and Appeal Board (PTAB) is an organization within the USPTO that decides appeals, conducts trials, and decides certain petitions in patent-related cases. The AIA called for many changes in PTAB operations. As a result, the IT goal is to maintain the PTAB's ability to provide timely and high quality decisions. Planned activities include the following:

- Develop and deploy PTAB End-to-End (PTAB E2E) functionality to process inter partes review (IPR) proceedings, post-grant review (PGR) proceedings, covered business method review (CBM) proceedings and derivation (DER) proceedings. (FY 2016 and FY 2017).
- Provide data migration from legacy Patent Review Processing System (PRPS) and Adjudicated Case Tracking System (ACTS) databases to PTAB E2E database (FY 2016).
- Provide ACTS capability to send notifications to stakeholders on their trial cases that involve re-examination procedures (FY 2017).
- Integrate with PE2E (data) and enterprise solutions such as MYUSPTO, a single, web interface for external users to interact with the USPTO, and the Fee Processing Next Generation (FPNG) system, (FY 2016) and enhance and maintain PTAB E2E training environments (FY 2017).
- Retire the PRPS after the replacement is deployed, stable and made available in PTAB E2E (FY 2017) and integrate with PE2E Content Management System (CMS) and Search as reasonable and practical (FY 2017).
- Retire ACTS after the replacement is deployed, stable, and made available in PTAB E2E (FY 2017).

## TRADEMARK PROGRAM

A key objective in the *USPTO 2014-2018 Strategic Plan* is to modernize IT systems by developing and implementing the TMNG IT system to create full electronic workflow and state-of-the-art IT resources for external and internal users. Combined with the deployment of new systems that enhance access for external trademark customers and stakeholders, operational gains will strengthen the IP system, allow for a broader public base to apply for and register trademarks and continue to invest and reap the benefits of strong brands, thus benefiting American consumers and sustaining economic activities.

Planned activities include the following:

- Deliver TMNG full examination workflow for the law offices (FY 2016) and deliver TMNG capabilities supporting quality review and full examination workflow for the Intent-to-Use (ITU) and Examination Support units (FY 2017).
- Deliver TMNG capabilities supporting Madrid processing and petitions processing (FY 2017).
- Deliver TMNG file capabilities for external customers (FY 2017).
- Deliver TMNG reporting and analytics capability that supports self-generated, ad-hoc reports (FY 2017).
- Retire Trademark legacy capabilities, such as in-house photocomposition, and the Trademark Image Capture and Retrieval System (TICRS) (FY 2016).

Trademark Legacy Systems. The Trademark organization currently relies on 27 legacy systems that support all areas of Trademark business operations. These legacy systems are

categorized under six different groupings that focus on e-government, internal operations, records management, trademark search, trademark reference, and other operational aspects. The IT goals are to plan for and retire these systems from FY 2016 through FY 2018 as replacement functionality is delivered.

**Trademark Information Activities.** The modernization, development, and management of the trademark IT systems are coordinated under the Trademark Information Resources sub-program. This also includes trademark support personnel who serve as business process experts in working with the IT experts by providing technical expertise and project management in the development of Trademark Program systems supporting electronic filing, and Trademark business operations.

**Patent and Trademark Dissemination.** The IT goal to provide public access to both patent and trademark information and services supports both the Patent Program and the Trademark Program. Most of the systems that are accessible via the USPTO's public website ([www.uspto.gov](http://www.uspto.gov)) are used to disseminate data about patents (e.g., patent grants, published patent applications, PTAB decisions, and patent classification information) and trademarks (e.g., trademark applications and registered marks, decisions of the Trademark Trial and Appeal Board (TTAB), and trademark assignment data). The USPTO also provides Google with existing bulk electronic files, which Google hosts using their infrastructure and offers their search capabilities to the public free-of-charge.

Planned activities include the following:

- Implement the initial application programming interface (API) to provide more automated access to electronic bulk data (FY 2016).
- Implement improved user interface and security capabilities, and provide improved and advanced searching capabilities to the Patent Application Information Retrieval (PAIR) bulk data (FY 2016).
- Provide additional search fields for PAIR bulk data, thereby providing greater transparency regarding ownership (FY 2016 and FY 2017).
- Establish a governance board for open data and mobility; implement standards and processes for data quality, infrastructure, development and support; and expand data sets and outreach (FY 2016). Expand efforts to include composite and next generation application programming interfaces (APIs) (FY 2017).

## IP POLICY, PROTECTION, AND ENFORCEMENT PROGRAM

The Office of Policy and International Affairs (OPIA) is responsible for IP policy, protection and enforcement. The IT goal is to deliver high-quality IT capability supporting the goals and objectives of the OPIA, as follows:

- Deliver improved IT capability to support the delivery of IP training domestically and internationally.
- Provide technical oversight and direction for international cooperative IT initiatives.

Planned activities include the following:

- Deliver a COTS tool for a chronological file tool (FY 2016) and a joint agreement data base and performance management tool (FY 2017) to facilitate overall performance management of IP PP&E activities.

## MANAGEMENT PROGRAM

The six management offices are the Office of the Under Secretary and Director, Office of the General Counsel (OGC), Office of the Chief Financial Officer (OCFO), Office of the Chief Administrative Officer (OCAO), Office of Equal Employment Opportunity and Diversity (OEEO&D), and Office of the Chief Communications Officer (OCCO).

A major IT goal is to replace the current fee collection system with 21<sup>st</sup> century technology by implementing the Fee Processing Next Generation (FPNG) that aids in the implementation of fee collection process recommendations. Planned activities include the following:

- Manage electronic funds transfer (EFT), debit/credit card and deposit accounts on line; running reports and monthly statements online for electronic payments; paying maintenance fees on line(FY 2016).
- Deploy an enterprise pricing engine and shopping cart, and establish general deposit account authorizations and overdraft protection on-line (FY 2016).
- Request and track refunds on-line; process payments; approve and process refunds; and reconcile international payments to international applications (FY 2017).
- Retire Revenue Accounting and Management (RAM) and Office of Finance Imaging System (OFIS) (FY 2017).

Other planned activities to support managerial, legal, administrative, communication and human resources functions include the following:

- Prototype the big data reservoir and implement an initial patent, and/or corporate use case (FY 2016); and expand the reservoir by adding data sets (FY 2017).
- Deliver a robust reporting tool within employee relations/labor relations (ER/LR) case management capability to meet workforce needs (FY 2016).
- Deliver improved features, design, and content management capabilities for uspto.gov (FY 2016 and FY 2017).
- Provide end-to-end processing and fee payment capability for the enrollment of patent attorneys and agents within the Office of Enrollment and Discipline Information System (OEDIS) (FY 2016).
- Deliver an enhanced system to electronically process and track grievances on practitioners (FY 2017).
- Purchase compensation projection tool (FY 2016) and provide for enhanced compensation cost projections (FY 2017).
- Provide fee forecasting data analysis and reporting functionality (FY 2016).
- Provide acquisition community with acquisition planning tools (FY 2016); provide vendor-side of vendor portal for use by acquisition community (FY 2017).

## IT Infrastructure Portfolio

As a production-oriented entity, the USPTO relies heavily upon a sophisticated IT infrastructure. The purpose is to provide the infrastructure foundation for the next generation efforts, take advantage of emerging technologies to retain and improve the infrastructure, and deliver compliance to IT mandates.

Planned activities include the following:

In FY 2016 and FY 2017, planned activities include the following:

- Begin and complete the migration of all USPTO products and systems with a desktop client to the Windows 10 operating system, which is better supported by the vendor.
- Expand the use of USPTO's Business Continuity/Disaster Recovery (BC/DR) capability in its remote data center by installing additional hardware and software, to duplicate next generation IT capability.
- Improve the cooling capability associated with USPTO's Alexandria Data Center, to ensure maximum lifecycle for installed hardware (servers, storage, communication devices, etc.).
- Implement required security infrastructure enhancements to mitigate vulnerabilities and to comply with all Government-issued directives.
- Complete replacement and reduction of local printers deployed to employees.
- Complete the replacement and upgrade of USPTO's network switches in its data centers, to ensure that PTONet 4 can take advantage of current network capabilities necessary to support its next generation IT capability.
- Begin the replacement of all outdated USPTO laptops/desktops, many of which will be 5-6 years old at the start of this effort.

## Program Changes

The USPTO's allowable current services level calculation for FY 2017 is greater than the \$595.6 million total required to meet the USPTO's FY 2017 IT needs. Consequently, the IT Portfolio program change for FY 2017 is a decrease of \$87.6 million. This decrease is consistent with the USPTO's recent financial planning and resource management effort to prioritize agency spending over multiple years. The net reduction reflects the result of stretching IT investment requirements out over a longer period of time in order to continue the effective implementation of critical IT systems, which are an essential component in accomplishment of strategic goals.

Specific IT program changes can be found in the Program Change narrative for the Information Resources Sub-Programs found in each of the four Program sections, plus the IT Infrastructure and Support Services Sub-Program found in the Management Program. The following table shows the total program change amounts for FY 2017 and the out years for each of these sub-programs.



**(Dollars in Thousands)**

	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
Patent IR	(30,309)	(23,414)	(27,754)	(31,641)	(34,760)
Trademark IR	(4,617)	5,206	3,360	2,994	2,409
IP PP&E IR	11	751	743	738	737
Management IR	(14,288)	(5,644)	(5,618)	(8,169)	(6,640)
Management - IT Infrastructure and IT Support Services	(38,399)	(179)	(31,898)	(42,150)	(25,283)
<b>TOTAL</b>	<b>(87,602)</b>	<b>(23,281)</b>	<b>(61,167)</b>	<b>(78,227)</b>	<b>(63,538)</b>

Details about the above program changes can be found as follows:

- Patent Program, Sub-Program #3 – Patent Information Resources
- Trademark Program, Sub-Program #3 – Trademark Information Resources
- IP PP&E Program, Sub-Program #5 – IP PP&E Information Resources
- Management Program, Sub-Program #5 – Management Information Resources
- Management Program, Sub-Program #6 – IT Infrastructure and IT Support Services

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# **TOTAL BUDGET AND FINANCING**

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## Exhibit 5 – Summary of Resource Requirements

Department of Commerce  
U.S. Patent and Trademark Office  
**SUMMARY OF RESOURCE REQUIREMENTS**  
(Dollar amounts in thousands)

Page  
No.

	Positions	FTE	Total Obligations
FY 2016 Current Plan	12,889	12,757	3,231,240
FY 2017 Adjustments to base:	1	19	87,906
FY 2017 Base	12,890	12,776	3,319,147
plus: 2017 Program changes	84	59	(75,292)
FY 2017 Estimate	12,974	12,835	3,243,855

		FY 2015		FY 2016 Current Plan		FY 2017 Base		FY 2017 Estimate		Increase/(Decrease over 2017 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
<b>Comparison by activity:</b>											
Patents	Pos./Obl.	11,635	2,804,329	11,598	2,880,381	11,599	2,954,189	11,608	2,887,575	8	(66,614)
	FTE	11,377		11,529		11,506		11,518		12	
Trademarks	Pos./Obl.	980	312,335	1,090	290,457	1,090	301,363	1,164	292,887	74	(8,476)
	FTE	942		1,039		1,078		1,123		46	
IP Policy Protection and Enforcement	Pos./Obl.	165	59,420	201	60,402	201	63,594	203	63,393	2	(202)
	FTE	150		189		193		194		1	
Total Obligations	Pos./Obl.	12,780	3,176,086	12,889	3,231,240	12,890	3,319,147	12,974	3,243,855	84	(75,292)
	FTE	12,469		12,757		12,776		12,835		59	
Adjustments for:											
Offsetting Fee Collections			(3,008,756)		(3,088,812)		(3,321,024)		(3,321,024)		-
Other Income / Recoveries			(22,657)		(32,257)		(22,257)		(22,257)		-
Operating Reserve, start of year			(650,957)		(504,285)		(392,113)		(392,113)		-
Operating Reserve, end of year*			504,285		392,113		414,248		489,540		75,292
<b>Total Budget Authority</b>			(2,000)		(2,000)		(2,000)		(2,000)		0
Financing from transfers / other:											
Amounts Unavailable for Spending			-		-		-		-		-
Transfer to other accounts (+)			2,000		2,000		2,000		2,000		0
<b>Total Net Appropriation</b>			0		0		0		0		0

Department of Commerce  
U.S. Patent and Trademark Office  
**SUMMARY OF RESOURCE REQUIREMENTS**  
(Dollar amounts in thousands)

		FY 2017		FY 2018		FY 2019		FY 2020		FY 2021	
		Estimate		Estimate		Estimate		Estimate		Estimate	
Comparison by activity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Patents	Pos./Obl.	11,608	2,887,575	11,542	3,069,701	11,456	3,112,243	11,327	3,163,068	11,261	3,226,028
	FTE	11,518		11,467		11,393		11,287		11,195	
Trademarks	Pos./Obl.	1,164	292,887	1,226	329,920	1,292	334,964	1,338	344,883	1,397	360,613
	FTE	1,123		1,186		1,250		1,306		1,366	
IP Policy Protection and Enforcement	Pos./Obl.	203	63,393	203	66,575	203	67,376	203	68,374	203	69,727
	FTE	194		194		194		194		195	
Total	Pos./Obl.	12,974	3,243,855	12,971	3,466,196	12,951	3,514,583	12,868	3,576,325	12,861	3,656,368
	FTE	12,835		12,848		12,837		12,788		12,751	
Adjustments for:											
	Offsetting Fee Collections		(3,321,024)		(3,705,078)		(3,729,789)		(3,898,545)		(4,107,595)
	Other Income / Recoveries		(22,257)		(22,257)		(22,257)		(22,257)		(22,257)
	Operating Reserve, start of year		(392,113)		(489,540)		(748,679)		(984,143)		(1,326,620)
	Operating Reserve, end of year		489,540		748,679		984,143		1,326,620		1,798,107
<b>Total Budget Authority</b>			(2,000)		(2,000)		(2,000)		(2,000)		(2,000)
Financing from transfers / other:											
	Amounts Unavailable for Spending		-		-		-		-		-
	Transfer to other accounts (+)		2,000		2,000		2,000		2,000		2,000
<b>Total Net Appropriation</b>			0		0		0		0		0

## Exhibit 7 – Summary of Financing

Department of Commerce  
U.S. Patent and Trademark Office

### SUMMARY OF FINANCING (Dollar amounts in thousands)

	FY 2015	FY 2016 Current Plan	FY 2017 Base	FY 2017 Estimate	Increase/ Decrease/ over 2017 Base
Total Obligations	3,176,086	3,231,240	3,319,147	3,243,855	(75,292)
Offsetting collections from:					
Non-Federal sources / User Fee Collections	(3,008,756)	(3,088,812)	(3,321,024)	(3,321,024)	-
Other Income	(7,257)	(7,257)	(7,257)	(7,257)	-
Adjustments for:					
Recoveries	(15,400)	(25,000)	(15,000)	(15,000)	-
Unobligated balance, start of year	(650,957)	(504,285)	(392,113)	(392,113)	-
Unobligated balance, end of year	504,285	392,113	414,248	489,540	75,292
<b>Total Budget Authority</b>	(2,000)	(2,000)	(2,000)	(2,000)	-
Financing:					
Amounts Unavailable for Spending	-	-	-	-	-
Transfer to other accounts (+)	2,000	2,000	2,000	2,000	0
<b>Net Appropriation</b>	0	0	0	0	0

## Exhibit 8 – Adjustments to Base

Department of Commerce  
U.S. Patent and Trademark Office

### ADJUSTMENTS TO BASE (Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
<b>Adjustments to Base:</b>		
2016 Pay raise		4,758
2017 Pay raise		14,273
Full-year cost in 2017 of positions financed for part-year in 2015	19	2,159
Other Compensation Adjustments		57,399
Change in compensable days		(16,497)
Civil Service Retirement System (CSRS)		(717)
Federal Employees Retirement System (FERS)		1,404
Thrift Savings Plan		461
Federal Insurance Contribution Act (FICA) - OASDI		601
Health insurance		3,088
Post-Retirement Benefits to OPM		2,533
Travel		79
Rental payments to GSA		1,656
Printing and reproduction		2,411
DOC Working Capital Fund		2,862
General Pricing Level Adjustment		11,436
<b>Total, adjustments to base</b>	<b>19</b>	<b>87,906</b>



## Exhibit 9 – Justification of Adjustments to Base

Department of Commerce  
U.S. Patent and Trademark Office

*JUSTIFICATION OF ADJUSTMENTS TO BASE*  
(Dollar amounts in thousands)

	FTE	Amount \$000	FTE	Amount \$000
<u>Pay Raises</u>				4,758
Full-year cost of 2016 pay increase and related costs: The 2017 OMB Budget assumes a general pay raise of 1.3% to be effective January 1, 2016.				
Total cost in 2017 of 2016 pay increase		19,031		
Less amount funded in 2016		(14,273)		
Amount requested in 2017 to provide full-year cost of 2016 pay increase		4,758		
 2017 pay increase and related costs: A general pay raise of 1.6% is assumed to be effective January 1, 2017.				14,273
Total cost in 2017 of pay increase		14,273		
Payment to Working Capital Fund		0		
Total, adjustment for 2017 pay increase		14,273		
 <u>Full-year cost in 2017 of positions financed for part-year in 2016</u>			19	2,159
A increase of \$2,159 is required to fund the full-year cost in 2017 of positions financed for part-year in 2016 as the number of net FTE increased by 19. The computation follows:				
Cost of personnel compensation increase of 19 FTE	19	1,641		
Adjustment for 2017 pay raise for 3/4 of year		20		
Add'l amount required for personnel compensation	19	1,661		
Benefits	0	498		
Total adjustment-to-base	19	2,159		

	FTE	Amount \$000	FTE	Amount \$000
<u>Other Compensation Adjustments</u>				57,399
This adjustment reflects the net difference between USPTO detailed Compensation Model and the prescribed formulation. As a result of increased hires, WIGI, and accelerated promotions for Patent hires, USPTO has a higher requirement than could be absorbed through the formulation process. The Compensation Model calculates on an individual basis compensation including factoring in WIGI, promotions, hires, attritions, and lapses.				
<u>Changes in compensable days</u>				(16,497)
The decreased cost of two compensable days in 2017 compared to 2016 is calculated by dividing the 2016 estimated personnel and benefit costs by 260 compensable days. The cost decrease of two compensable days is \$16,497K.				
<u>Civil Service Retirement System (CSRS)</u>				(717)
The number of employees covered by the Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 0.7% in 2016 to 0% in 2017. Contribution rates will remain at 7%.				
Regular:				
2017		\$1,463,916,071 x .000 x .07	0	
2016		\$1,463,916,071 x .007 x .07	717	
			<u>(717)</u>	
Total adjustment-to-base			(717)	
<u>Federal Employee Retirement System (FERS)</u>				1,404
The number of employees covered by FERS continues to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 99.3% in 2016 to 100.0% in 2017. The contribution rate for regular employees is 13.7% for 2016 and 13.7% for 2017.				
Regular:				
2017		\$1,463,916,071 x 1.000 x .137	200,557	
2016		\$1,463,916,071 x .993 x .137	199,153	
			<u>1,404</u>	
Total adjustment-to-base			1,404	

	FTE	Amount \$000	FTE	Amount \$000
<u>Thrift Savings Plan</u>				461
The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to be 4.5%.				
Regular:				
2017		\$1,463,916,071 x 1.000 x .045	65,876	
2016		\$1,463,916,071 x .993 x .045	65,415	
			<u>461</u>	
Total adjustment-to-base			461	
<u>Federal Insurance Contribution Act (FICA)</u>				601
As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI tax will increase from \$122,300 in 2016 to \$126,200 in 2017. The OASDI tax rate will remain at 6.2% in both 2016 and FY 2017.				
2017		\$1,463,916,071 x 1.000x .9461 x .062	85,874	
2016		\$1,463,916,071 x .993 x .9461 x .062	85,272	
			<u>600</u>	
Total adjustment-to-base			600	
<u>Health Insurance</u>				3,088
Effective January 2015, this bureau's contribution to Federal employees' health insurance premiums increased by 3.36%. Applied against the 2016 estimate of \$91,900,340 the additional amount required is \$3,088k.				
<u>Post-Retirement Benefits to OPM</u>				2,533
The USPTO is required to fund the present costs of post-retirement benefits for the Federal Employees Health Program (FEHB), Federal Employees Group Life Insurance and the Civil Service Retirement System (CSRS) and Federal Employees Retirement System pension liabilities. Funds for this purpose are transferred to the Office of Personnel Management. The required increase reflects the increase in retiree medical costs along with the increase in number of employees.				
<u>Travel</u>				79
The standard OMB economic inflation factor of 1.8% was utilized.				
<u>Rental Payments to GSA</u>				1,656
GSA rates are projected to increase 1.8% in 2017. This percentage was applied to the 2016 estimate to arrive at an increase of \$1,656k.				

	FTE	Amount \$000	FTE	Amount \$000
<u>GPO / Non GPO Printing</u>				
The standard OMB economic inflation factor of 1.8% was utilized.				2,411
<u>Working Capital Fund – (DOC Departmental Management)</u>				2,862
A \$2,862,000 increase is required to cover additional cost investments within the Departmental Working Capital Fund (WCF). These Departmental requirements include necessary investments in DOC-wide systems, network security initiatives and replacement of degrading IT infrastructure. A full discussion of all WCF program changes is in the WCF section of the Departmental Management OMB Submission document.				
<u>General Pricing Level Adjustment</u>				11,436
This request applies OMB economic assumptions for FY 2017 to object classes where the prices the government pays are established through the market system. Inflation Factors at an average of 1.8% were applied to transportation of things, rental payments to others, communications, utilities and miscellaneous charges; other contractual services; supplies and materials and equipment.				
Subtotal, Other Changes				
Total, Adjustments to Base			19	87,906

# **PATENT PROGRAM**

## Exhibit 10 – Program Performance: Total Obligations

Department of Commerce  
U.S. Patent and Trademark Office  
PATENT PROGRAM  
PROGRAM AND PERFORMANCE: TOTAL OBLIGATIONS  
(Dollar amounts in thousands)

Activity: Patent Program  
Subactivity: Patents

Sub-Activity:		FY 2015		FY 2016 Current Plan		FY 2017 Base		FY 2017 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Patent Examining	Pos./Obl	10,218	1,912,804	10,063	1,968,343	10,064	2,013,861	9,990	2,008,834	(74)	(5,027)
	FTE	10,143	-	10,053	-	9,982	-	9,945	-	(37)	-
Patent Trials and Appeals	Pos./Obl	434	65,864	438	85,267	438	89,810	468	93,273	30	3,464
	FTE	316		434		437		453		16	-
Patent Information Resources	Pos./Obl	186	213,407	189	188,620	189	192,286	189	161,978	0	(30,309)
	FTE	173		186		187		187		0	-
Subtotal Direct	Pos./Obl	10,838	2,192,074	10,690	2,242,231	10,691	2,295,957	10,647	2,264,085	(44)	(31,872)
	FTE	10,631		10,674		10,606		10,585		(21)	
Management Goal - Allocated	Pos./Obl	797	612,255	909	638,151	909	658,232	960	623,490	51	(34,742)
	FTE	745		855		900		932		33	-
<b>Total</b>	Pos./Obl	11,635	2,804,329	11,598	2,880,381	11,599	2,954,189	11,606	2,887,575	7	(66,614)
	FTE	11,377		11,529		11,506		11,517		11	

## Exhibit 12 – Justification of Patent Program and Performance

### BUDGET PROGRAM: Patent Program

For FY 2017, the USPTO requests a total of \$2,887.6 million and 11,517 FTE for the Patent Program.

PROGRAM BUDGET PROFILE (Dollars in thousands)							
Funding Requirements by Sub Program	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Patent Examining	\$1,912,804	\$1,968,343	\$2,008,834	\$2,082,952	\$2,138,377	\$2,187,778	\$2,221,850
Patent Trials and Appeals	\$65,864	\$85,267	\$93,273	\$98,546	\$101,151	\$101,204	\$99,995
Patent Information Resources	\$213,407	\$188,620	\$161,978	\$172,293	\$171,812	\$171,867	\$172,529
Management Goal - Allocated	\$612,255	\$638,151	\$623,490	\$715,909	\$700,903	\$702,219	\$731,653
<b>TOTAL</b>	<b>\$2,804,329</b>	<b>\$2,880,381</b>	<b>\$2,887,575</b>	<b>\$3,069,701</b>	<b>\$3,112,243</b>	<b>\$3,163,068</b>	<b>\$3,226,028</b>
<b>FTE</b>	<b>11,377</b>	<b>11,529</b>	<b>11,517</b>	<b>11,466</b>	<b>11,392</b>	<b>11,286</b>	<b>11,195</b>

### PROGRAM JUSTIFICATION

#### Patent Program Overview

The Patent Program is dedicated to carrying out the Office’s mission to deliver “...high quality and timely examination of patent ... applications...” in accordance with laws, regulations and practices, and consistent with the strategies and objectives in the *USPTO 2014-2018 Strategic Plan*. The Patent Program, through its strategic goal to optimize patent quality and timeliness, supports the Department’s strategic goal to foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies that lead to higher productivity and competitiveness.

The Patent Program objectives support the *Strategy for American Innovation* – an Administration initiative that recognizes innovation as the foundation of American economic growth and national competitiveness. Economic growth in advanced economies like that of the United States is driven by creating new and better ways of producing goods and services, a process that triggers new and productive investments.

The Patent Program also supports the Agency Priority Goal to Advance Commercialization of New Technologies by Reducing Patent Application Pendency and Backlog:

Improve Patent Processing Time and Quality. By September 30, 2017, the Patent and Trademark Office will reduce patent pendency to less than 14 months for first action

and less than 23 months for total pendency from end of fiscal year 2015 results of 17.3 and 26.6 months. The priority goal supports the Department of Commerce's longer term goal focused on achieving 10 months for first action pendency and 20 months for total pendency by FY 2019.

These goals are being met by achieving the objectives set forth in the *USPTO 2014-2018 Strategic Plan*, as shown below along with highlights of progress made in FY 2015 to date. Specific actions related to the White House Executive Actions on High-Tech Patent Issues announced on June 4, 2013 and February 20, 2014 are noted.

- Refine Optimal Patent Pendency:
  - Deployed a redesigned Patent Data Visualization Center in April 2015 in response to feedback from a July 2014 Federal Register notice soliciting input on optimum pendency. The new Patents Dashboard provides information on major metrics such as designs, petitions, after final responses, amendment turnaround, patent term adjustment, and other pendency metrics and filing information. Many of these data are being provided for the first time as part of our continuing efforts to be open and transparent about our operations and to provide useful information to our stakeholders in a timely manner.
  
- Increase Efficiencies and Patent Examination Capacity to Align with the Optimal Pendency:
  - Modified the FY 2015 hiring plan from the planned 450 UPR examiners based on workloads in specific technology centers. Prompted by lower than expected patent application filings patent examiner hiring was suspended at 340 for the year. Also hired 27 design examiners.
  - Expanded and improved the Patent Examiner Technical Training program (PETTP) to provide more robust technical training and expertise. Examiners have been trained in clarity and proper use of 35 USC 112(f) limitations in software-related claims [*Executive Action #6*], and clarity of the examination record.
  - Focused training on compact prosecution. Training has been provided to managers concerning the appropriate review of examination work and appropriate usage of the quality element of the examiner's performance appraisal plan (PAP). Technology Centers also have developed plans and awards tied to improvements in the quality index review (QIR), specifically compact prosecution measures. Other areas of work included: developed plan on "Clarity of the Office action" including new training packages and a new initiative on a "Clarity of Record" pilot; developed a new "Master Review Form" that will focus on completeness and clarity.
  - Received 9,200 Track One (accelerated) applications; and pendency for these cases was 6.5 months from petition grant to allowance. Extended both the Quick Patent Information Disclosure Statement (QPIDS) program and the After Final Consideration Pilot Program through the end of FY 2016. To date, over 6,100 Requests for Continued Examination (RCE) filings have been avoided.
  
- Increase International Cooperation and Work Sharing:
  - Fully transitioned to the Cooperative Patent Classification (CPC) system, which is operational at the USPTO with 100 percent of examiners searching in CPC. Focus is now centered on the quality of CPC, and international cooperation in CPC.
  - Made a proposal to the 7th session of the Patent Cooperation Treaty (PCT) Working Group to formally incorporate the Patent Prosecution Highway (PPH) into the PCT



system; discussions are on-going. Launched an initiative aimed at direct re-use of International Searching Authority (ISA)/U.S. work in the U.S. National phase.

- Received 34,349 PPH applications with petitions through the end of FY 2015. This is 5.7 percent more than last year, and an allowance rate of approximately 85 percent; launched the Global and IP5<sup>3</sup> PPH programs, harmonizing over 90 percent of the system; implemented a user-friendly common PPH form and improved the USPTO website to provide easy access to program information; launched internal studies to better understand USPTO's examiners' re-use of other offices work products.
- Continued to advance the Global Dossier project, a signature initiative of the IP5. Access by patent examiners was piloted, with full-scale deployment in May 2015. Continued development of public access to Global Dossier.

➤ Continue to Enhance Patent Quality:

- Engaged in a productive exchange of ideas with the public on patent quality at the March 2015 Patent Quality Summit. This was the kickoff event for the EPQI, which focuses on improving patent operations and procedures to provide the best possible work products, to enhance the customer experience, and to improve existing quality metrics.
- Expanded the PETTP to provide examiners with direct access to experts with technical knowledge on prior art and industry standards in emerging and established technologies. [*Executive Action #2*]
- Concluded the Glossary Pilot on June 2, 2015. It has been in effect since June 1, 2014. The pilot is designed to enhance claim clarity in the specification of software-related patent applications by encouraging and gauging the use of glossaries by patent applicants. [*Executive Action #6*]
- Took numerous steps to improve claim clarity and scrutinize functional limitations, including training examiners on functional claims, identifying PTAB decisions involving functional limitations, developing a Glossary Pilot program, holding stakeholder engagement sessions, and revising the quality review process. [*Executive Action #2*]

➤ Ensure Optimal IT Service Delivery to All Users:

- Deployed the next generation of examiner tools, with Docket and Application Viewer (DAV), to the entire Patent Examining Corps.
- Deploying and continuously converting data for information disclosure statements.
- Deployed the initial pilot for the next generation of search functionality to a large group of patent examiners.
- Resumed the Text2PTO (patent application submissions in text based format) initiative by conducting outreach efforts to address patent applicants' concerns about submitting patent applications in XML format instead of Portable Document Format (PDF) images.
- Progressing on a multi-pronged effort to stabilize the Patent Application Location Monitoring (PALM) system. Improved the Patent Reporting System for examiners and managers; increased usage of the PALM services gateway as demonstrated by an increase in services; and launched a project to improve the computing power of the automated biotech sequence search system.
- Deployed public access to One Portal Dossier (OPD) with the USPTO as the providing office, and integrated OPD with CASE as a providing office.

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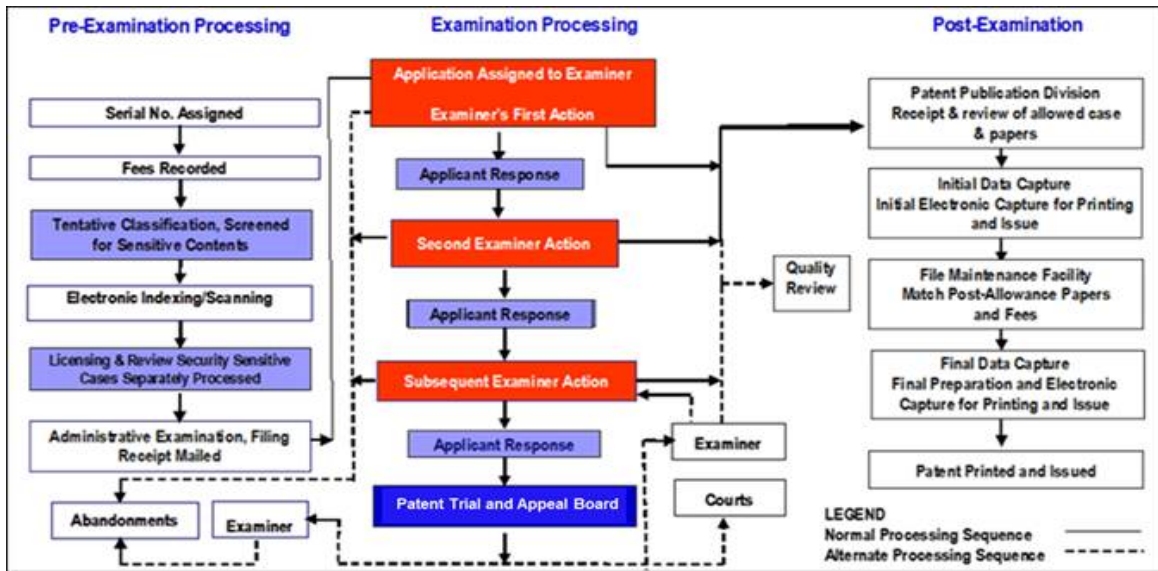
<sup>3</sup> The Five IP Offices: USPTO, EPO, Japan Patent Office (JPO), the Korean Intellectual Property Office (KIPO) and the State Intellectual Property Office of the People's Republic of China (SIPO)

- Continue and Enhance Stakeholder and Public Outreach:
  - Proposed a rule requiring the reporting of ownership interests in a patent or application, called the "attributable owners", and subsequently held two public hearings and received written comments on the proposed rule. [*Executive Action #1*]
  - Hosted/participated in numerous conferences, and internal and public informational and training sessions, as well as expanded use of the USPTO website to further enhance and promote external outreach on CPC and other support resources for users.
  - Continued to host roundtables to share information about new AIA trials and solicit public input in response to the White House Executive Action on empowering downstream users. [*Executive Action #3*]
  - Added nine new pro bono programs, which now operates in 50 states. [*Executive Action #7*]
  - Investigating a series of process improvements, such as refinements of the third-party submission process and examiner guidance on the use of crowd-sourced prior art. [*Executive Action #5*]
  - Continued working with other IP offices to generate work sharing efficiencies, such as initiating a bi-lateral priority document exchange agreement with China (SIPO).
  - Held over 400 legal, technical and stakeholder engagement events at regional offices.
  
- Maintain the PTAB's Ability to Provide Timely and High Quality Decisions:
  - Met all statutory deadlines under the AIA, and maintained six-month average pendency for reexamination proceedings.
  - Hired 33 of 48 PTAB judges.
  - Continued to address AIA trial workload, kept pace with the incoming ex parte appeals, and not only prevented an increase but achieved a reduction in the backlog.
  - Continued to work on a new end-to-end IT system (PTAB E2E) that is being designed and built to meet specific needs of its stakeholders, and that is scheduled for iterative releases in 2016.
  - Expanded outreach by sending Administrative Patent Judges (APJs), including Executive Judges, around the country to participate in and represent the USPTO at stakeholder events, such as roadshows and conferences. [*Executive Action #3*]

### Base Justification

The patent process consists of the activities shown on the following schematic and major functions, as described below, with budget estimates for sub-programs allocated according to processing functions.

## PATENT PROCESS



### Sub-Program #1: Patent Examining

#### Patent Examining (\$2,013.9 million and 9,982 FTE)

*Patent Pre-Examination Processing: \$137.5 million and 161 FTE*

When a patent application is received at the USPTO, the Office conducts an administrative review to determine compliance with requirements for form, content, adequacy, and payment of appropriate fees. Currently, approximately 98 percent of patent applications are filed electronically. If the application is filed in paper form, it is converted to an electronic image, and from this point forward, the application is managed electronically, including assignment of the official filing date and patent application tracking number, and inputting the patent bibliographic data (e.g., filing date, priority date, inventor(s) title) in the PALM system.

Most applications are subject to the pre-grant publication process, whereby the patent application is published 18 months after the earliest effective filing date sought regardless of whether a first action has been taken by the Office, as is the norm in most patent examining countries. Where an applicant certifies that he/she has not and will not file the invention disclosed in the attached application in another country or under a multilateral international agreement that requires 18-month publication, the USPTO will not publish the application unless and until a patent is granted (currently, about six percent of applicants opt out). Where the applicant does not make such a certification, the USPTO publishes the application at 18 months from its earliest effective filing date sought to provide an English language publication for those applications whose counterpart applications are already being published abroad (generally in languages other than English).

*Patent Examination Processing: \$1,792.8 million and 9,793 FTE*

In this stage, the application is placed on the docket of one of the 8,352 UPR or 171 Design patent examiners working in one of the nine technology centers. During the examination process, the patent examiner compares the application's subject matter to a large body of technological information to determine the patentability of the claimed invention, whether or not

the invention is new, useful, non-obvious, adequately described or enabled, and claimed in definite terms that are clearly understood by individuals knowledgeable in that subject matter.

During the search and patentability review, the patent examiner generally performs a first and possibly second office action on the merits, which can include any of the following actions: office action of rejection, final rejection, abandonment or notice of allowance. Patent Information Management activities are carried out within the Patent organization and provide patent scientific, technical, and search support. Patent Information Management also provides examiners with access to over one thousand commercial databases containing non-patent technical literature documents.

Quality and Training are integral parts of the entire examination process, and the resources required for a quality examination and quality patent are integrated with the total examination costs. This includes the quality assurance program whereby a random sample of patent examiners' work products are reviewed to provide timely, reliable and meaningful indicators of examination quality. This sub-activity also provides the resources for carrying out the new initiatives identified in the *USPTO 2014-2018 Strategic Plan* and in this Budget.

With the increased visibility and recognition of the importance of IP to our economy, the sustainable funding model created by the AIA, and as we near steady state optimal pendency, the USPTO has a unique opportunity to increase dedication to quality excellence. The USPTO developed the Enhanced Patent Quality Initiative (EPQI) that will focus on providing the best work products and services possible. This initiative includes expanding and refining examiner training and guidance, improving the customer experience with an emphasis on excellent customer service by delivering customer service training to all Patent organization employees, and engaging the public by creating partnerships that educate and seek input.

The Patent organization also established and filled the position of Deputy Commissioner for Patent Quality to manage and lead quality initiatives; i.e., sustaining the high quality of the USPTO's patent examination processes and products by implementing and maintaining a comprehensive quality management system.

Additionally, the USPTO provides its patent examiners detailed training in efficient interview techniques and in compact prosecution. This training aims to streamline the examination process by working with the applicants to identify and resolve issues early in the process, thereby reducing patent application backlogs and overall pendency.

Policy and Legal activities are critical components of the patent examination process. These components include establishing patent examination and documentation policy standards; serving as the authority on patent laws, rules, and examining practices and procedures; implementing Court decisions; publishing rules for public comment and then publishing final rules; and maintaining the Manual of Patent Examining Procedure. Policy and legal activities include processing petitions and PCT legal advisory activities.

International Patent Cooperation (IPC) is a reflection of the strong commitment that USPTO has to the internal and external stakeholders in the IP community in improving the international patent system in two basic respects: increasing certainty of IP rights while reducing costs for stakeholders. Achievement of IPC initiatives will not only make the international filing and prosecution system more efficient between offices and users, but also for examiners around the world, including those here at the USPTO. These improvements will benefit all economies by fostering increased innovation and subsequent job creation.

*Patent Post-Examination Processing: \$83.6 million and 28 FTE*

Patent issuance occurs after the examiner has allowed the application, and the issue fee has been paid. The application is then prepared for issue, printing, and publication in a weekly edition of the electronic Official Gazette for dissemination to the public. Post-issue activities also include processing withdrawals and assignments.

## **Sub-Program #2: Patent Trials and Appeals**

### **Patent Trials and Appeals (\$89.8 million and 437 FTE)**

If the applicant has received two actions from the examiner and disagrees with the position of the examiner, the applicant can appeal the examiner's decision by filing a notice of appeal and an appeal brief. The examiner may file an examiner's answer to the appeal brief. A streamlined review procedure has been instituted for all briefs filed in appeals in patent applications, as well as appeals in both ex parte and inter partes reexamination proceedings. The PTAB has the sole responsibility for determining whether appeal briefs comply with the formality requirements governing the content of these briefs. Under the streamlined procedure, only the PTAB conducts a compliance review of appeal briefs when the appeal brief is filed.

The PTAB will continue to determine priority and patentability of inventions in interferences in appropriate cases.

Under the AIA, the PTAB conducts inter partes reviews, post grant reviews, the transitional program for covered business method patents, and derivation proceedings.

## **Sub-Program #3: Patent Information Resources**

### **Patent Information Resources (\$192.3 million and 187 FTE)**

Patent Information Resources includes base resources for making capital improvements to, and operating and maintaining, existing patent systems. The USPTO IT activities are fully described in the "USPTO Information Technology Portfolio" section of the Introduction. The Patent Program's share of both direct and indirect IT costs is allocated to this sub-program.

## **Sub-Program #4: Management Goal – Allocated**

### **Management Goal – Allocated (\$658.2 million and 900 FTE)**

This sub-program represents all of the management activities that support the accomplishment of the Patent goal. These can be specifically Patent-related, such as Office of Human Resources activities dedicated to recruitment of patent examiners and APJs, or cross-cutting management functions that are dedicated to overall USPTO activities, such as financial management systems. These activities are described under the Management Goal while the costs are allocated to Patents based on the USPTO's Activity Based Information (ABI) analysis and results.

## **RISK ASSESSMENT**

Fostering innovation is a crucial driver of job creation, economic recovery, and prosperity. Reducing patent pendency and the backlog of patent applications awaiting examiner action is an Administration priority and promotes fostering innovation. If the USPTO is unable to continue with the patent pendency and unexamined patent application backlog reduction program, then American innovators and businesses would not obtain the legal rights

associated with the issuance of a quality patent in a timely manner in order to reap the benefits of their innovations. The longer it takes for the USPTO to review a patent application, the longer it will take for an applicant to receive the patent rights that ultimately may be granted for the invention.

## **INFLATIONARY ADJUSTMENTS**

The USPTO requires a net decrease of 23 FTE and net increase of \$73.8 million to fund adjustments to current programs for the Patent Program activities. This increase will provide the annualization of the FY 2016 FTE increase and inflationary increases for non-labor activities, including service contracts, utilities, lease payments, and rent charges from the General Services Administration (GSA).

## **PATENT PERFORMANCE GOALS AND MEASURES**

Historical and projected metrics can be found in the BPAG Chart on pages 12-13, and on the Data Visualization Center at <http://www.uspto.gov/about/stratplan/dashboards.jsp>

## Exhibit 13 – 15: Patent Program Changes by Sub-Program

Department of Commerce  
U.S. Patent and Trademark Office  
PATENT PROGRAM  
INCREASES FOR 2017  
(Dollar amounts in thousands)

		2017 Base		2017 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
<b>Direct Total, Patent Program</b>	<b>Pos./Obl.</b>	<i>10,691</i>	<i>2,295,957</i>	<i>10,647</i>	<i>2,264,085</i>	<i>(44)</i>	<i>(31,872)</i>
	<b>FTE</b>	<i>10,606</i>		<i>10,585</i>		<i>(21)</i>	
<b>Patent Examining</b>	<b>Pos./Obl.</b>	<i>10,064</i>	<i>2,013,861</i>	<i>9,990</i>	<i>2,008,834</i>	<i>(74)</i>	<i>(5,027)</i>
	<b>FTE</b>	<i>9,982</i>		<i>9,945</i>		<i>(37)</i>	
	<b>Workload-Driven</b>						
Patent Examiner New Hires	Pos./Obl.					<i>(74)</i>	<i>(7,478)</i>
	FTE					<i>(37)</i>	
Overtime / Production Incentives	Pos./Obl.					-	224
	FTE					-	
Patent Cooperation Treaty (PCT) Searching Contract	Pos./Obl.					-	174
	FTE					-	
Workload Processing Contracts	Pos./Obl.					-	<i>(1,600)</i>
	FTE					-	
	<b>Quality</b>						
Patent Quality Improvement	Pos./Obl.					-	481
	FTE					-	
Technical Training and Expertise	Pos./Obl.					-	<i>(27)</i>
	FTE					-	
<b>Patent Trials and Appeals</b>	<b>Pos./Obl.</b>	<i>438</i>	<i>89,810</i>	<i>468</i>	<i>93,273</i>	<i>30</i>	<i>3,464</i>
	<b>FTE</b>	<i>437</i>		<i>453</i>		<i>16</i>	-
PTAB Production and AIA Workload	Pos./Obl.					30	3,464
	FTE					16	
<b>Patent Information Resources</b>	<b>Pos./Obl.</b>	<i>189</i>	<i>192,286</i>	<i>189</i>	<i>161,978</i>	<i>0</i>	<i>(30,309)</i>
	<b>FTE</b>	<i>187</i>		<i>187</i>		<i>0</i>	
Patent Business Projects	Pos./Obl.					-	<i>(30,309)</i>
	FTE					-	<i>(30,309)</i>

Department of Commerce  
U.S. Patent and Trademark Office  
**PATENT PROGRAM**  
**INCREASES FOR 2017 - 2021**  
(Dollar amounts in thousands)

		FY 2017 Increase (Decrease)		FY 2018 Increase (Decrease)		FY 2019 Increase (Decrease)		FY 2020 Increase (Decrease)		FY 2021 Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
<b>Direct Total, Patent Program</b>	<i>Pos./Obl.</i>	<b>(44)</b>	<b>(31,872)</b>	<b>(112)</b>	<b>(16,172)</b>	<b>(200)</b>	<b>(33,924)</b>	<b>(330)</b>	<b>(54,371)</b>	<b>(396)</b>	<b>(71,737)</b>
	<i>FTE</i>	<b>(21)</b>		<b>(78)</b>		<b>(156)</b>		<b>(266)</b>		<b>(361)</b>	
<b>Patent Examining</b>	<i>Pos./Obl.</i>										
	<i>FTE</i>	<b>(74)</b>	<b>(5,027)</b>	<b>(145)</b>	<b>(54)</b>	<b>(237)</b>	<b>(14,601)</b>	<b>(350)</b>	<b>(29,722)</b>	<b>(409)</b>	<b>(41,244)</b>
	<i>Workload</i>	<b>(37)</b>		<b>(110)</b>		<b>(191)</b>		<b>(295)</b>		<b>(378)</b>	
Patent Examiner New Hires	<i>Pos./Obl.</i>										
	<i>FTE</i>	<b>(74)</b>	<b>(7,478)</b>	<b>(145)</b>	<b>(22,803)</b>	<b>(237)</b>	<b>(38,827)</b>	<b>(350)</b>	<b>(55,647)</b>	<b>(409)</b>	<b>(69,609)</b>
Overtime / Production Incentives	<i>Pos./Obl.</i>	<b>(37)</b>	<b>-</b>	<b>(110)</b>	<b>-</b>	<b>(191)</b>	<b>-</b>	<b>(295)</b>	<b>-</b>	<b>(378)</b>	<b>-</b>
	<i>FTE</i>	<b>-</b>	<b>224</b>	<b>-</b>	<b>675</b>	<b>-</b>	<b>1,022</b>	<b>-</b>	<b>912</b>	<b>-</b>	<b>161</b>
Patent Cooperation Treaty (PCT) Searching Contract	<i>Pos./Obl.</i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<i>FTE</i>	<b>-</b>	<b>174</b>	<b>-</b>	<b>551</b>	<b>-</b>	<b>883</b>	<b>-</b>	<b>1,232</b>	<b>-</b>	<b>1,597</b>
Workload Processing Contracts	<i>Pos./Obl.</i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<i>FTE</i>	<b>-</b>	<b>1,600</b>	<b>-</b>	<b>13,055</b>	<b>-</b>	<b>13,057</b>	<b>-</b>	<b>13,887</b>	<b>-</b>	<b>16,020</b>
	<i>Quality</i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Examiner Search Capabilities	<i>Pos./Obl.</i>	<b>-</b>	<b>481</b>	<b>-</b>	<b>1,160</b>	<b>-</b>	<b>1,768</b>	<b>-</b>	<b>2,414</b>	<b>-</b>	<b>3,098</b>
	<i>FTE</i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Technical Training and Expertise	<i>Pos./Obl.</i>	<b>-</b>	<b>(27)</b>	<b>-</b>	<b>7,308</b>	<b>-</b>	<b>7,495</b>	<b>-</b>	<b>7,480</b>	<b>-</b>	<b>7,489</b>
	<i>FTE</i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Patent Trials and Appeals</b>	<i>Pos./Obl.</i>	<b>30</b>	<b>3,464</b>	<b>33</b>	<b>7,296</b>	<b>37</b>	<b>8,432</b>	<b>20</b>	<b>6,992</b>	<b>13</b>	<b>4,267</b>
	<i>FTE</i>	<b>16</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>17</b>	<b>-</b>
PTAB Production and AIA Workload	<i>Pos./Obl.</i>	<b>30</b>	<b>3,464</b>	<b>33</b>	<b>7,296</b>	<b>37</b>	<b>8,432</b>	<b>20</b>	<b>6,992</b>	<b>13</b>	<b>4,267</b>
	<i>FTE</i>	<b>16</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>17</b>	<b>-</b>
<b>Patent Information Resources</b>	<i>Pos./Obl.</i>	<b>0</b>	<b>(30,309)</b>	<b>0</b>	<b>(23,414)</b>	<b>0</b>	<b>(27,754)</b>	<b>0</b>	<b>(31,641)</b>	<b>0</b>	<b>(34,760)</b>
	<i>FTE</i>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
Patent Business Projects	<i>Pos./Obl.</i>	<b>0</b>	<b>(30,309)</b>	<b>0</b>	<b>(23,414)</b>	<b>0</b>	<b>(27,754)</b>	<b>0</b>	<b>(31,641)</b>	<b>0</b>	<b>(34,760)</b>
	<i>FTE</i>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>



## **Sub-Program: Patent Examining**

The Patent Examining sub-program contributes to the accomplishment of the strategic goal to optimize patent quality and timeliness and the Agency Priority Goal through the following objectives for which funds are required in FY 2017:

- Refine Optimal Patent Pendency
- Increase Efficiencies and Patent Examination Capacity to Align with the Optimal Pendency
- Increase International Cooperation and Work Sharing
- Continue to Enhance Patent Quality
- Continue and Enhance Stakeholder and Public Outreach

The significant progress made since the beginning of this decade is expected to continue under the *USPTO 2014-2018 Strategic Plan*, which is supported by this Budget. Between the beginning of FY 2010 through the end of FY 2015, first action pendency was reduced from 25.8 months to 17.3 months; total pendency was reduced from 34.6 months to 26.6 months; and the backlog of unexamined applications was reduced from 718,835 to 553,221. During this same time, examiner staffing increased from 6,145 to 8,261.

The Patent organization has experienced a lower-than-planned growth rate in patent application filings in FY 2015, and has modified its annual growth rates for FY 2016 and beyond to one percent (in FY 2016) to four percent (in FY 2020 and FY 2021). As a result, the Patent organization also modified its hiring plans for FY 2016 and beyond. This will enable the USPTO to achieve an optimal working level inventory of unexamined patent applications in FY 2018, and achieve its performance targets of 10 months for first action pendency and 20 months for total pendency in FY 2019. By the end of FY 2017, the USPTO will also reduce the RCE backlog by approximately 72 percent from the beginning of FY 2013 level. These results will be accomplished by continuing to invest resources in workload initiatives that are needed to process incoming work for which applicants have paid fees, and quality initiatives that are an integral part of the examination process.

This FY 2017 Budget also begins to introduce new quality investments in conjunction with the EPQI discussed above. This includes adjustments to the production model to account for the conduct of enhanced quality reviews; and providing basic examiner training on quality.

### **PROGRAM CHANGES**

Patent Examining (-\$5.0 million and -37 FTE): The USPTO requires a decrease of \$5.0 million and a decrease of 37 FTE for a total of \$2,008.8 million and 9,945 FTE to process incoming work for which fees have been paid, and which are focused on accomplishment of the goals and objectives identified above. This requirement supports the Department's Innovation strategic goal to foster a more innovative U.S. economy by using IP as a tool to create a business environment that cultivates and protects new ideas, technologies, services, and products. Failure to fund this sub-program puts the Department and the USPTO at risk for mission failure.

Patent Examining consists of the following three components that are described in the Patent Program section above: Pre-Examination, Examination, and Post-Examination.

### Proposed Actions:

The Patent Examining program change provides funding for the quality and timely examination of patent applications. Along with base resources, this program change will enable the Patent Program to provide timely examination by processing incoming work, reducing the current backlog, and reducing pendency. It will also enhance the quality of patents thereby increasing the value of the patent to the inventor.

This program change represents a number of inter-related initiatives that collectively will enable the Patent Program to:

- address the 594,900 new applications expected to be filed in FY 2017 (1.5 percent above the projected FY 2016 level);
- reduce the current backlog of unexamined patent applications to approximately 435,000 in FY 2017 or about 39.5 percent below the beginning of FY 2010 level, as documented in patent production modeling;
- provide timely examination of patent applications by reducing the time to first office action to 13.7 months in FY 2017 and 10.9 months in FY 2019; and
- reduce average total pendency to 22.9 months in FY 2017 and 20.6 months in FY 2019.

The FY 2017 Budget initiatives are categorized as follows:

- **Workload Initiatives.** These initiatives are driven by the requirement to process incoming work for which applicants have paid fees. Such initiatives, more fully described below, maintain examination capacity and include patent examiner staffing and overtime to ensure that there is adequate production support to complete the work carried out by the patent examiners.
- **Quality Initiatives.** Quality and training are an integral part of the examination process, and include initiatives focused on improving the quality of the examiner search, and legal training for examiners. The Patent organization has launched a multi-faceted world-class patent quality initiative that includes improving the work products produced by patent examiners; providing excellent customer service with an emphasis on improving the customer experience; and providing increased education and outreach to the public on quality efforts.

### Patent Workload-Driven Initiatives

**Patent Examiner New Hires.** In FY 2017, the USPTO will continue calibrating the size of the patent examining staff with projected application filings and desired performance results, as documented by patent production modeling. In FY 2017, the projected level of workload requires the hiring of 300 new patent examiners (offset by attritions of 374) to fulfill the Agency Priority Goal for the USPTO to continue reducing pendency, ultimately meeting pendency targets in 2019, and achieving an appropriately sized inventory of unexamined applications in 2018. The number of examiners on board at the end of FY 2017 will be approximately 8,100.

Patent application filings are projected to increase by 1.0 percent in FY 2016, and 1.5 percent in FY 2017. The production model takes into consideration this revised incoming work as well as the increasing output of examiners hired in prior years due to their seniority and mastery of the patent examination process. This careful calibration between workload and hires has

enabled the USPTO to continue making progress on its patent pendency and inventory reduction plan.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ (7,478)	\$ (22,803)	\$ (38,827)	\$ (55,647)	\$ (69,609)
FTE	(37)	(110)	(191)	(295)	(378)

**Overtime/Production Incentives** is another tool used by the USPTO to continue aligning production with workload demand. Each overtime hour worked is directly tied to production output. As such, overtime has proven to be more efficient on a per-hour basis than equivalent regular-time hours, which must also incorporate the costs of training, employee leave, and other benefits. Funding the full amount of examiner overtime is essential to achieving pendency and backlog goals. Overtime’s inherent flexibility allows the Patent organization to more easily expand its production capacity while maintaining optimal staffing levels. While the estimated overtime hours per examiner per year remain the same, funding declines because of the gradually declining examiner-on-board staffing levels.

Required funding is also decreasing for production based incentives for examiners, which are based on exceeding certain production levels, including components of timeliness and quality for their grade. This is also due to gradually declining examiner-on-board staffing levels.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ 224	\$ 675	\$ 1,022	\$ 912	\$ 161
FTE	-	-	-	-	-

**Patent Cooperation Treaty (PCT) Searching Contract.** The USPTO continues to contract for international search reports and written opinions for approximately 21,000 PCT Chapter I cases, roughly equal to the FY 2017 projected receipts. Investments in contracting enable the USPTO to meet its obligations as an International Searching Authority under PCT Chapter I; for example, the PCT time frames for issuance of the required reports, and enable the USPTO to focus its examiner resources towards reducing the backlog of pending national applications. At the same time, the USPTO is placing greater emphasis on re-using results in corresponding national cases. In the complete absence of this program, PCT filings would have to be examined by USPTO examiners, resulting in fewer U.S. national applications being processed, which would equate to reduced production and fewer fee collections.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ 174	\$ 551	\$ 883	\$ 1,232	\$ 1,597
FTE	-	-	-	-	-

**Workload Processing Contracts.** The Patent organization’s largest contracts are driven by work based on numbers of applications, examiner production, and output, and must be funded commensurately in order to continue processing work and issuing patents. Specifically funds are used for:

- Front end processing of newly filed applications and incoming/outgoing documents, and quality assurance of electronic filings – based on the increase in electronically-filed applications, as well as the number of pages per application.
- Data capture of applications subject to publication at 18 months as a pre-grant publication.

- Pre-grant publication and initial classification services whereby the contractor classifies all incoming applications once they have been through the initial security review.
- Patent publication, which includes the data capture of granted patents that generate both a text searchable file and an image file for paper printing and electronic dissemination on the Internet.

The projected funding reflects the increased level of effort by the contractors due to the increase in patent application filing growth rates..

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ 1,600	\$ 13,055	\$ 13,057	\$ 13,887	\$ 16,020
FTE	-	-	-	-	-

### Patent Quality Initiatives

**Patent Quality Improvement.** Funds are required to continue this FY 2016 initiative to provide additional training and information technology tools to employees. Quality and training are a necessary part of the examination process. This initiative focuses on improving the quality of the examiner search, and legal training for examiners. The EPQI includes improving the work products produced by patent examiners; providing excellent customer services with an emphasis on improving the customer experience; and providing increased education and outreach to the public on quality efforts.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ 481	\$ 1,160	\$ 1,768	\$ 2,414	\$ 3,098
FTE	-	-	-	-	-

**Technical Training and Expertise.** Funds in FY 2017 will be used to continue implementing *Executive Action No.6* to provide robust technical training to examiners in the area of high-tech patent issues, and expand the PETTP. This will help patent examiners keep up with fast-changing technological fields by making it easier for technologists, engineers, and other experts to provide relevant technical training and guidance to patent examiners. Under this initiative, examiners will be afforded the opportunity to visit real-world sites, such as companies and educational institutions, and receive a direct hands-on education specific to the technology area in which they work. In this regard, the Obama Administration is calling on innovators to volunteer their time and expertise to help ensure that USPTO training is robust and reflects the state-of-the-art.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ (27)	\$ 7,308	\$ 7,495	\$ 7,480	\$ 7,489
FTE	-	-	-	-	-

### **Statement of Need and Economic Benefit**

Timely and quality issuance of patents provides certainty in the market and allows businesses and innovators to make informed and timely decisions on product and service development. The longer it takes to review a patent application, the longer it takes for the benefit of the IP protection to accrue. Failure to complete the examination in a timely manner creates uncertainty regarding the scope and timing of any IP rights. This not only impacts the innovators, but it has a negative impact on other innovators and businesses in that field that are awaiting the outcome of the pending application.

The quality of application review is critical to ensure the value of an issued patent. Without well-defined claims, for example, the value of a patent is uncertain. Uncertainty means there is a risk that a patent is invalid, does not cover the patentee's product, or that a competitor infringes the patent because they cannot determine its scope. Such patents exact a high cost by decreasing public confidence in the IP system. On the other hand, the economic value of a patent increases when its metes and bounds are clearly defined and consistently interpreted under the law. Clarity leads to certainty, which enables efficient and confident determination of value. This in turn creates high value for high quality patents and bolsters public confidence.

**Schedules/Milestones/Deliverables** for the strategic objectives related to patent examining can be found in the Balanced Scorecard that accompanies the *USPTO 2014-2018 Strategic Plan*.

## **Sub-Program: Patent Trials and Appeals**

The Patent Trials and Appeals sub-program contributes to the accomplishment of the strategic goal to optimize patent quality and timeliness through the following objective for which funds are required in FY 2017:

- Maintain the Patent Trial and Appeal Board's Ability to Provide Timely and High Quality Decisions

### **PROGRAM CHANGE**

PTAB Administrative Infrastructure (+ \$3.5 million and +16 FTE): The USPTO requires an increase of \$3.5 million and 16 FTE for a total of \$93.3 million and 453 FTE to provide the PTAB with additional positions to enhance the infrastructure in support of the judicial services provided by the Judges and other production staff.

This program change supports the Department's strategic goal to foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies that lead to higher productivity and competitiveness. Delaying decisions on appeals to the PTAB has an adverse impact on America's economy. When inventions are developed commercially, they create jobs for the companies that are marketing those inventions, and for their suppliers, distributors and retailers. Proper and promptly-issued patents are vital to the growth of the economy.

#### Proposed Action

The PTAB is an administrative tribunal that consists of Administrative Patent Judges (APJs) who conduct AIA trials and review appeals from the rejection of a patent application. The PTAB also reviews AIA petitions requesting institution of a trial, provides written notice of its determination whether to institute trial, and issues final written decisions with respect to the patentability of challenged claims and any proposed substitute claims. The PTAB must manage pendency for three different activities: the AIA trials which, by statute, must have a decision on whether to institute trial within three months of the filing of a patent owner preliminary response and must be adjudicated within one year of the institution of a trial; re-examination appeals which, by statute, must be completed with "special dispatch"; and ex parte appeals. There is no timeliness requirement for ex parte appeals, but the PTAB is committed to reducing the backlog of cases by hiring APJs to the extent possible, clearing the oldest cases, and reassigning judges according to the greatest need. This requirement outlines a consolidated effort to increase PTAB capacity, increase PTAB productivity and quality, and optimize workflow.

**PTAB Production and AIA Workload.** Funds are required to continue addressing the results of historic growth in workload, due in part to the implementation of the AIA patent reform legislation, which created new programs to be administered by the USPTO and changed some existing programs. Under the AIA, the PTAB is required to conduct four new types of trial proceedings: Inter partes reviews, derivation proceedings, and a transitional program for covered business methods patents (all effective September 16, 2012), and post grant reviews (only applicable for patents that are subject to first-inventor-to-file provisions that went into effect on March 16, 2013).

With the advent of the AIA, the PTAB rapidly became one of the most popular venues for resolution of patentability disputes. As a result, the PTAB staff responsible for judicial services has increased rapidly since the implementation of the AIA.

The following table shows the growth in workload, and projected APJ staffing levels needed to meet the statutory timeline requirements and reduce ex parte appeal pendency. To meet the increasing workload in both ex parte appeals and AIA proceeding, the PTAB needs to hire 35 APJs and four support staff.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	Actual		Estimates					
<b>APPEALS</b>								
<b>Incoming Appeals</b> (incl. Ex Parte Appeals, Inter Parte Reexams, Ex Parte Reexams and Supplemental Exam)	9,949	8,386	8,470	8,639	8,812	9,253	9,715	10,201
<b>Appeals Disposed</b> (incl. Ex Parte Appeals, Inter Parte Reexams, Ex Parte Reexams and Supplemental Exam)	9,880	12,597	11,913	11,249	11,921	10,962	10,326	10,569
<b>Appeal Inventory/Backlog</b> (incl. Ex Parte Appeals, Inter Parte Reexams, Ex Parte Reexams and Supplemental Exam)	25,775	21,564	18,121	15,512	12,403	10,870	10,633	10,859
<b>Pendency of Decided Appeals in months</b> (incl. Ex Parte, Inter Parte Re-Exams, Ex Parte Re-Exams and Supplemental Exams)	28.4	29.7	-	-	-	-	-	-
<b>Board Months of Inventory</b> (incl. Ex Parte, Inter Parte Re-Exams, Ex Parte Re-Exams and Supplemental Exams)	-	-	18	17	12	12	12	12
<b>AIA TRIAL</b>								
<b>AIA Petitions Filed</b> (incl. IPRs, CBMs, and PGRs)	1,489	1,896	2,105	2,336	2,500	2,675	2,862	3,062
<b>Trial Pendency</b> (months)	11.7	11.3	12	12	12	12	12	12
<b>ADMINISTRATIVE PATENT JUDGES</b>								
<b>New Hire APJs</b> (not incl. Executive Judges)	44	33	40	35	25	22	10	10
<b>Total APJs</b> (incl. Executive APJs and reflect attrition)	214	242	279	306	316	322	317	312

Note: APJ production attributed to the Judge Decision Gainsharing (JDG) Program has not been added to the calculations of production (cases disposed) for the out years (FY16-21), due to variance in the number of Judges participating in the program.

To address this increase in growth rate, the staffing needs for FY 2017 and beyond are established to meet the statutory time requirements. Without the FY 2017 requested resources the PTAB will be unable to provide the timely and quality review and adjudication of appealed applications called for by stakeholders, and meet specific objectives outlined in the *USPTO 2014-2018 Strategic Plan*. Delaying decisions on these appeals has a negative impact on America's economy, particularly job creation.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ 3,464	\$ 7,296	\$ 8,432	\$ 6,992	\$ 4,267
FTE	16	32	35	29	17

### Statement of Need and Economic Benefit

Decisions made by the PTAB on appeals involve some of the most important applications pending in the Office. When these decisions are delayed, it can and will continue to have an adverse impact on America's economy. When patented inventions are developed commercially, they create jobs for the companies that are marketing products and for their suppliers, distributors, and retailers. Proper and promptly-issued patents are vital to the growth of the economy. Additionally, any one appeal may hold a scientific, engineering, or technological breakthrough in any number of fields, such as medicine, materials, electronics, or energy. A lack of adequate resources to review and decide on appeals can unnecessarily

delay commercial development of the patented invention and delay the breakthrough from reaching the market.

**Schedules/Milestones/Deliverables** for the strategic objective to increase the PTAB's ability to provide timely and high quality decisions can be found in the Balanced Scorecard that accompanies the *USPTO 2014-2018 Strategic Plan*.



## Sub-Program: Patent Information Resources

The Patent Information Resources sub-program contributes to the accomplishment of the strategic goal to optimize patent quality and timeliness through the following objective for which funds are required in FY 2017:

- Ensure Optimal Information Technology Service Delivery to All Users

### PROGRAM CHANGE

Patent Information Resources (-\$30.3 million): The USPTO requires a decrease of \$30.3 million for a total of \$162.0 million and 187 FTE for the Patent IT Portfolio.

#### Proposed Action

**Patent Business Projects.** Funds are required in FY 2017 to continue deployment of new PE2E capabilities and for Patent Legacy IT capabilities. This will enable the USPTO to begin retiring specific legacy systems by ensuring that initial and additional end-to-end processing capabilities deliver the data and workflows necessary for comprehensive patent application processing.

As part of the USPTO's recent financial planning and resource management effort to prioritize agency spending across multiple years, the net reduction in this sub-program reflects the result of extending Patent information technology investments over a longer period of time in order to continue the effective implementation of critical IT systems, which are an essential component in accomplishment of strategic goals.

Additional information about the overall USPTO IT activities can be found in the "USPTO Information Technology Portfolio" section of the Introduction.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ (30,309)	\$ (23,414)	\$ (27,754)	\$ (31,641)	\$ (34,760)
FTE	-	-	-	-	-

### Statement of Need and Economic Benefit

IT is a mission critical enabler for every USPTO business function. The productivity of patent and trademark operations is directly correlated to the performance of its IT systems, which must be kept modern to meet current and future demands.

The USPTO's CPIC process governs how the USPTO manages the selection, control, and evaluation of major IT investments. The CPIC process complies with and supports Federal legislation and guidance, and requires quantifiable measurements for determining the net benefits and risks of a proposed investment.

**Schedules/Milestones/Deliverables.** Detailed information regarding schedules, milestones, and deliverables can be found in the USPTO's Exhibit 300 submissions that are located on the Federal IT Dashboard website. Additionally, information for the objective to ensure optimal IT service delivery to all users can be found in the Balanced Scorecard that accompanies the *USPTO 2014-2018 Strategic Plan*.

Exhibit 14

**PROGRAM CHANGE PERSONNEL DETAIL**

<b>Title:</b>	<b>Location</b>	<b>Grade</b>		<b>Number of Positions</b>	<b>Annual Salary</b>	<b>Total Salaries</b>
Patent Examiner	Various	GS	5	9	56,212	505,908
Patent Examiner	Various	GS	7	144	69,633	10,027,152
Patent Examiner	Various	GS	9	120	79,189	9,502,680
Patent Examiner	Various	GS	11	25	86,420	2,160,500
Patent Examiner	Various	GS	12	2	93,607	187,214
Attritions	Various	Avg	GS 12	-374	89,671	(33,536,954)
Administrative Patent Judges	Various	GS	SES	35	170,400	5,964,000
Administrative Patent Judges / Patent Lawyer Attritiions	Various	GS	SES	-9	162,103	(1,458,927)
Paralegal Specialist	VA	GS	11	2	71,115	142,230
Management and Program Analyst	Alexandria, VA	GS	14	2	123,406	246,812
<b>Total</b>				<b>(44)</b>		<b>(6,259,385)</b>
Less Average Lapse			51%	(23)		(3,216,679)
Total full-time permanent (FTE) 2017 Pay				(21)		(3,042,706)
Adjustment	1.6%					(36,508)
<b>TOTAL</b>						<b>(3,079,213)</b>
<b>Personnel Data</b>				<b>Number</b>		
Full-Time Equivalent Employment						
Full-time permanent				(21)		
Other than full-time permanent				-		
Total				(21)		
Authorized Positions:						
Full-time permanent				(44)		
Other than full-time permanent				-		
Total				(44)		

Exhibit 15

**PROGRAM CHANGE DETAIL BY OBJECT CLASS**

(Dollar amounts in thousands)

Activity: Patents  
 Subactivity:

Object Class	2017 Increase
11 Personnel compensation	
11.1 Full-time permanent	(3,079)
11.3 Other than full-time permanent	
11.5 Other personnel compensation	328
11.8 Special personnel services payments	
11.9 Total personnel compensation	(2,751)
12 Civilian personnel benefits	(1,070)
13 Benefits for former personnel	
21 Travel and transportation of persons	(161)
22 Transportation of things	(7)
23.1 Rental payments to GSA	-
23.2 Rental payments to others	4
23.3 Communications, utilities and miscellaneous charges	402
24 Printing and reproduction	791
25.1 Advisory and assistance services	174
25.2 Other services	(148)
25.3 Purchases of goods & services from Gov't accounts	-
25.4 Operation and maintenance of facilities	
25.5 Research and development contracts	
25.6 Medical care	
25.7 Operation and maintenance of equipment	(5,389)
25.8 Subsistence and support of persons	
26 Supplies and materials	(94)
31 Equipment	(23,560)
32 Lands and structures	-
33 Investments and loans	
41 Grants, subsidies and contributions	
42 Insurance claims and indemnities	-
43 Interest and dividends	0
44 Refunds	(63)
99 Total obligations	(31,872)

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# **TRADEMARK PROGRAM**

## Exhibit 10 – Program Performance: Total Obligations

Department of Commerce  
U.S. Patent and Trademark Office

### TRADEMARK PROGRAM

#### PROGRAM AND PERFORMANCE: TOTAL OBLIGATIONS

(Dollar amounts in thousands)

Activity: Trademark Program  
Subactivity: Trademarks

Sub-Activity:		FY 2015		FY 2016 Current Plan		FY 2017 Base		FY 2017 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Trademark Examining	Pos./Obl	694	111,230	763	120,987	763	127,056	821	131,230	58	4,173
	FTE	664		722		750		787		37	
Trademark Appeals and Trial Proceedings	Pos./Obl	67	11,878	78	13,635	78	14,333	79	14,575	1	241
	FTE	67		76		77		78		1	-
Trademark Information Resources	Pos./Obl	69	60,890	77	45,338	77	46,086	81	41,469	5	(4,617)
	FTE	70		80		80		82		2	-
Subtotal Direct	Pos./Obl	830	183,998	917	179,960	917	187,475	981	187,273	64	(202)
	FTE	802		878		907		947		40	
Management Goal Allocated	Pos./Obl	150	128,338	172	110,497	172	113,888	183	105,614	11	(8,274)
	FTE	140		161		171		178		7	-
<b>Total</b>	Pos./Obl	980	312,335	1,090	290,457	1,090	301,363	1,165	292,887	75	(8,476)
	FTE	942		1,039		1,078		1,124		47	

## Exhibit 12 – Justification of Trademark Program and Performance

### BUDGET PROGRAM: Trademark Program

For FY 2017, the USPTO requests a total of \$292.9 million and 1,124 FTE for the Trademark Program.

<b>PROGRAM BUDGET PROFILE</b>							
(Dollars in thousands)							
Funding Requirements by Sub Program	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Trademark Examining	\$111,230	\$120,987	\$131,230	\$141,591	\$151,207	\$160,093	\$169,171
Trademark Appeals and Trial Proceedings	\$11,878	\$13,635	\$14,575	\$15,043	\$15,529	\$16,027	\$16,536
Trademark Information Resources	\$60,890	\$45,338	\$41,469	\$52,290	\$51,437	\$52,250	\$52,642
Management Goal Allocated	\$128,338	\$110,497	\$105,614	\$120,996	\$116,791	\$116,512	\$122,264
<b>TOTAL</b>	<b>\$312,335</b>	<b>\$290,457</b>	<b>\$292,887</b>	<b>\$329,920</b>	<b>\$334,964</b>	<b>\$344,883</b>	<b>\$360,613</b>
<b>FTE</b>	<b>942</b>	<b>1,039</b>	<b>1,124</b>	<b>1,187</b>	<b>1,251</b>	<b>1,307</b>	<b>1,361</b>

### PROGRAM JUSTIFICATION

#### Trademark Program Overview

The USPTO’s Trademark Program is dedicated to carrying out the Office’s mission to deliver “high quality and timely examination of ... trademark applications” in accordance with laws, regulations and practices, consistent with the strategies and objectives in the *USPTO 2014-2018 Strategic Plan*. The Trademark Program, through its strategic goal to optimize trademark quality and timeliness, supports the Department’s strategic goal to foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies that lead to higher productivity and competitiveness.

The Trademark Program performs a valuable function by identifying the source of products and services and serving as an indicator of reliable quality to the consumer. By registering trademarks, the USPTO has a significant role in protecting consumers, as well as providing important benefits to American businesses by allowing them to strengthen and safeguard their brands and related investments. Over the last eight years, the Trademark organization has met and exceeded its performance targets as it continues to reap the benefits of its significant investments in human capital and in automation and process reengineering.

The Trademark goal is being met by achieving the objectives set forth in the *USPTO 2014-2018 Strategic Plan*, as shown below along with highlights of progress made in FY 2015

- Maintain Trademark First Action Pendency on Average between 2.5-3.5 Months with 12.0 Months Final Pendency.
  - Met 2015 pendency targets, with average first action pendency at 2.9 months and average total pendency at 10.1 months for the fiscal year.
  - Hired 43 examiners to address the 10.7 percent increase in trademark filings in FY 2015, with plans to continue hiring in the out years to ensure that examination capacity is aligned with incoming work.
  - On-going, Trademark pendency is reduced for those who choose to file electronically. Electronic filing and communications improve the quality of information and reduce processing time resulting in improved quality and timeliness. Applications and pendency are reported on the Trademark Dashboard by method of filing: via the electronic Trademark Electronic Application System (TEAS, TEAS RF or TEAS plus), Madrid Protocol, or paper.
  
- Maintain High Trademark Quality.
  - Set and achieved high quality standards: all three Trademark quality targets are being met, evidence that the specialized training, online tools, and enhanced communication efforts are proving effective.
  
- Ensure Optimal IT Service Delivery to All Users.
  - Work is under way to complete the major features that were planned and scheduled to deliver a replacement to First Action System for Trademarks (FAST 1), the system used by Examining Attorneys to access electronic files, and to search, examine and take action on pending applications.
  - Work continued on the development of the next generation of Trademark's IT Services for examination, with delivery to all Law Offices planned by July 2016.
  - Plan to replace TICRS with CMS for all internal users by July 2016.
  - Continued to operate Legacy systems effectively, and continued to release enhancement and maintenance projects.
  - Delivered an enhanced Trademark Electronic Official Gazette (TMeOG) for the public. Plan to develop and deliver a replacement publication system by July 2016.
  
- Continue and Enhance Stakeholder and Public Outreach.
  - Continued outreach to stakeholders and trademark owners via more than 54 stakeholder and 59 educational events in FY 2015.
  - Legislation enacted to make the USPTO Law School Clinic a permanent program. Of the 39 approved schools, 36 are participating; 521 applications filed in FY 2015.
  - Held a roundtable to seek public feedback on the "Specimen Project," a pilot designed to determine the accuracy of identification of goods and services related to the marks in use. Issued a preliminary report in July 2014 and held a roundtable in December. As a result, USPTO plans to implement a new policy regarding goods and services that are impacted by technology evolution, ensuring the integrity of the register to reflect marks that still remain in use in the relevant industry.
  
- Enhance Operations of Trademark Trial and Appeal Board (TTAB).
  - Continued developing a pilot process for scheduling oral hearings; deployed an enhanced process for ensuring the accuracy and utility of electronic case file prosecution history entries; continued development of TTABIS (electronic case file system) case assignment and reporting log; and notice of proposed rulemaking



(NPRM) to make processes more efficient and reduce processing times currently under review.

- Continued to review and, as necessary, revise the calculation and reporting of TTAB performance measures to allow stakeholders to better plan for involvement in TTAB proceedings, and to facilitate client counseling by practitioners representing clients before the TTAB.
- Continued to focus on reducing overall (commencement through completion) average pendency, and reduced pendency in three categories: appeals, trial cases and Accelerated Case Resolution (ACR) trial cases.
- Issued 42 precedential decisions in FY 2015 meeting the goal of issuing 40-45 such decisions.
- Held a Users Forum (80 participants) to discuss the Electronic System for Trademark Trials and Appeals (ESTTA). Feedback provided the basis to enhance ESTTA's functionality, and also for planning the future implementation of TMNG for TTAB.
- Held a Roundtable on Evolving TTAB Processes, which resulted in valuable input for consideration in continuing to improve TTAB's public-facing IT systems and its appeal and trial processes. Topics discussed included: TTAB's handling of extensions of time to oppose; scheduled changes in the Federal Rules of Civil Procedure, and consideration of the appropriate extent of discovery for TTAB trial cases; contents of the standard protective order for trial cases, the value of TTAB attorney participation in discovery conferences and possible means for attorneys to aid in phone conferences on other subjects, such as motions for summary judgment; and streamlined procedures for making evidence of record in TTAB proceedings.

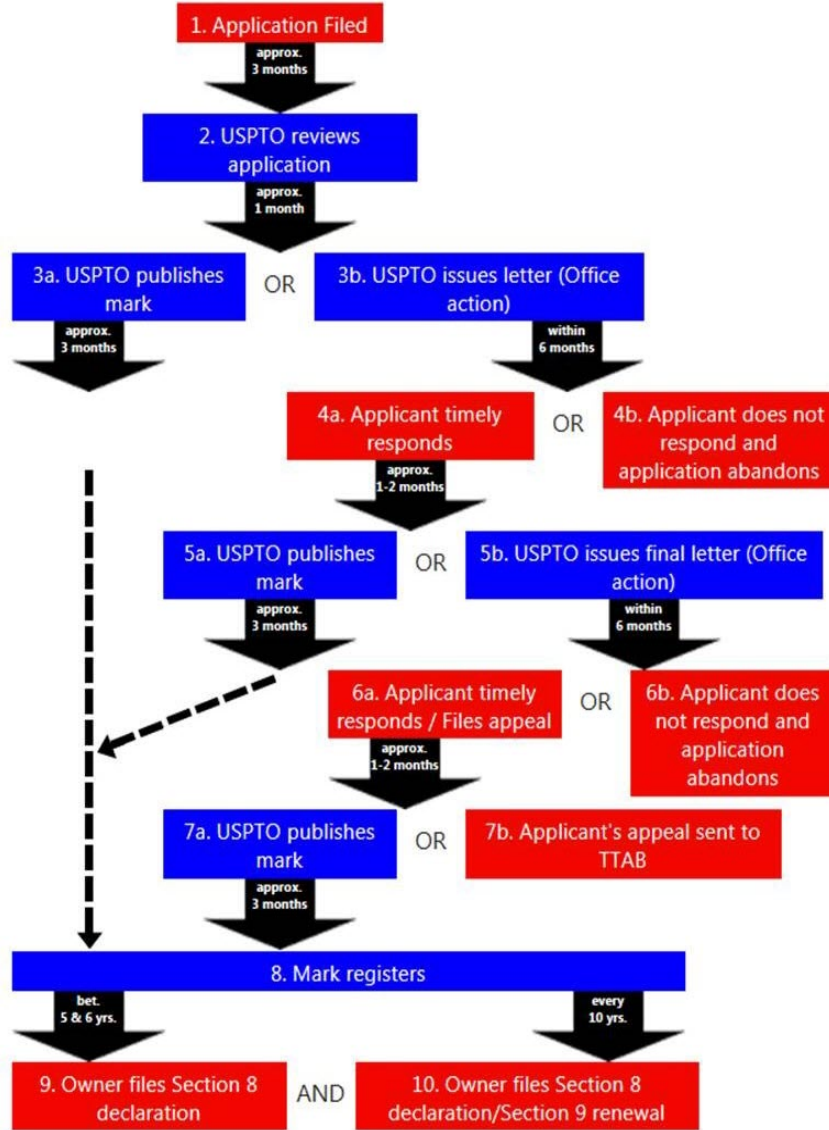
#### Base Justification

The trademark process begins when a customer desires information on trademarks or becomes interested in registering a trademark and proceeds to submit a trademark application based on a mark currently used, or intended for use, in commerce. During the examination process, trademark examining attorneys evaluate applications for compliance with current trademark laws, regulations, and policies. At this time, the applicant may submit amendments and the examining attorney may enter amendments or refuse registration unless certain requirements are met. Upon completion of the examination process, including TTAB review of any appeal from a refusal, a trademark application is published in the electronic Official Gazette. Trademarks or other marks, such as service marks, certification marks and collective membership marks, are published prior to registration to permit interested parties to file an opposition at the TTAB within a 30-day time period if they believe that they may be harmed by the registration. Those marks that pass through the opposition period without challenge, or survive any opposition, move along to issuance of either a trademark registration for an application based on use, or a notice of allowance for an application based on intent to use.

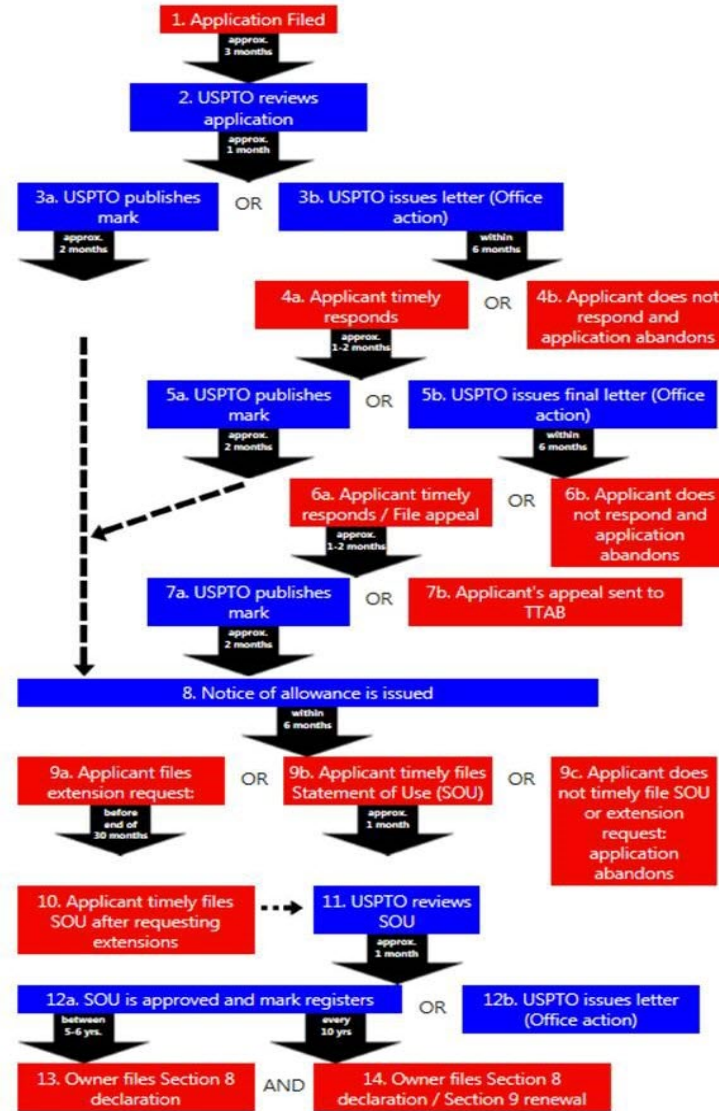
The examination of trademark applications consists of the activities shown on the following schematic and major functions as described below.

# Trademark Process

## Section 1a. Timeline: Application based on use in commerce



## Section 1b. Timeline: Application based on intent to use



## **Sub-Program #1: Trademark Examining**

### **Trademark Examining (\$127.1 million and 750 FTE)**

The USPTO plays a critical role in providing notice of marks in use, or for which there is an intention to use, through its online databases of registered and pending trademarks. Prior to filing an application for registration, or establishing or investing in a mark, a business owner would be able to survey existing marks in use or proposed for use by utilizing online resources and support services available for customers to prepare and file their applications with the Office. This support consists of the public search rooms located at the USPTO's facilities in Alexandria VA, support for the Patent and Trademark Depository Resource Centers (formerly Depository Libraries) located across the country, the USPTO online information trademark basics "how-to videos", frequently asked questions (FAQs manuals, search systems, electronic filing, and a customer service call center operated by the Trademark Assistance Center).

*Input Processing: \$9.9 million and 63 FTE*

More than 99 percent of trademark applications for registration of a mark are currently filed electronically, and more than 80 percent are processed electronically from receipt to final disposition. When an application is received at the USPTO, it is subject to a quality review process. In that process the electronically tagged application data is reviewed to add the international classification and design search codes that facilitate searching and examination. The tagged data in a trademark application is transferred automatically to the appropriate data fields in trademark electronic automated systems. Trademark automated systems are the source for application data that is used in the processing, examination, and maintenance of registered trademarks; and the information that is made available to the public through [www.uspto.gov](http://www.uspto.gov). The automated systems are also the source of the Official Gazette, published electronically, which provides notice of marks approved by examiners, those in use and maintained by registrants, and those available to the public. Initial examination also encompasses the processing of applications filed under the Madrid Protocol.

*Examination Processing: \$113.0 million and 652 FTE*

One of the approximately 459 Trademark examining attorneys will determine if the mark in each newly filed application is entitled to registration under the provisions of the Trademark Act of 1946, as amended. As part of the process, the examining attorney conducts a search of prior filed and registered marks to evaluate if a conflict exists between the mark in the application and a previously filed application or registration. Examining attorneys evaluate many types of marks, such as trademarks, service marks, certification marks, and collective membership marks against the criteria for registrability set out in the Trademark Act of 1946, as amended, and make a determination to approve or deny an application for registration. The examining attorney searches a database of more than two million registered marks and 495,000 pending marks in order to determine if the mark in the subject application is confusingly similar to an existing mark.

An approved application is published prior to registration to provide notice to interested parties who may file an opposition to registration. Marks based on use in commerce that are unopposed, or survive any filed opposition, are registered. Marks filed based on intent to use receive a notice of allowance following the opposition period, if they are unopposed or survive any filed opposition, with registration occurring following issuance of a Notice of Allowance by the Office and subsequent filing and acceptance of a Statement of Use from the applicant.

Quality and Training are important components of the examination process. The resources required for the quality aspect of examination and registration of trademark applications are integrated with the total examination costs.

Under the quality assurance program the results of an examiner's first and final office action are reviewed for the quality of the substantive basis for decision making, search strategy, evidence, and writing. Based on the data collected from those reviews, the Office has targeted both electronic and traditional training initiatives addressing specific problem areas. This program also provides prompt feedback to examining attorneys when their work products are reviewed. Specific comments on any work product found to be either "excellent" or "deficient," are sent to the appropriate examining attorney and supervisor. As a result, training takes place on the micro level, with specific feedback, as well as on the macro level, with training modules that address trends, targeting topics that warrant improvement. Part of the USPTO's commitment to improving the quality of examination is ensuring that all examiners possess the knowledge, skills, and abilities necessary to perform their jobs. For example examiners have the opportunity to take a series of self-paced e-learning tutorials; and new e-learning modules are implemented throughout the year based on topics that are identified through quality review evaluations.

The Trademark organization continues its efforts to improve quality in a cost-effective manner. To raise the bar, the Trademark organization has instituted what is known as an Exceptional Office Action emphasizing comprehensive excellence in office actions, which expands upon the existing first and final action standards for correct decision-making. An Exceptional Office Action is one that reflects correct decision-making, includes excellent evidentiary support, and is exceptionally well-written.

Policy and Legal. A critical component of the trademark examination process is its policy and legal function. This consists of establishing trademark examination policy standards; serving as the authority on trademark laws, rules, and examining practices and procedures; implementing treaty obligations; implementing judicial and TTAB decisions; publishing rules for public comment and then publishing final rules; and maintaining the Trademark Manual of Examining Procedure. The costs of performing these functions are included in the cost of examination.

*Trademark-Post Registration Processing: \$4.2 million and 35 FTE*

Trademark registrations can be maintained indefinitely, for as long as the registered mark is in use under the Trademark Act. Registrations require periodic renewal – every 10 years for marks on the Principal and Supplemental registers. In order to maintain rights to a mark, the owner must first file an affidavit between the fifth and sixth years from the date of registration. To renew a Trademark registration, the owner must file an acceptable affidavit and an application for renewal within one year before the end of every ten-year registration period. Owners of marks on the Principal Register can also make a claim of incontestability to claim exclusive rights after the mark has been in continuous use in commerce for a period of five consecutive years after the date of registration. The owner can also file requests to correct or amend a Trademark registration.

Filings are examined for completeness and compliance with statutory requirements. Failure to file the required affidavit and proof of use results in cancellation of the registration. These requirements serve to remove trademarks from the register when the marks are no longer in use.

## **Sub-Program #2: Trademark Appeals and Trial Proceedings**

### **Trademark Appeals and Trial Proceedings (\$14.3 million and 77 FTE)**

Administrative Trademark Judges (ATJs) on the TTAB review adverse registrability determinations by examining attorneys when the applicant appeals the determination. The ATJs also conduct and decide opposition (trial) proceedings where an interested party believes that it will be harmed by, and therefore challenges, the registration of a published mark, and conduct other proceedings involving registrations where a third party wishes to challenge the validity of, or restrict, a registration.

## **Sub-Program #3: Trademark Information Resources**

### **Trademark Information Resources (\$46.1 million and 80 FTE)**

Trademark Information Resources includes base resources for making capital improvements to, and operating and maintaining, existing trademark systems. The USPTO IT activities are fully described in the “USPTO Information Technology Portfolio” section of the Introduction. The Trademark Program’s share of both direct and indirect costs is allocated to this sub-program.

## **Sub-Program #4: Management Goal – Allocated**

### **Management Goal – Allocated (\$113.9 million and 171 FTE)**

This sub-program represents all of the Management activities that support the accomplishment of the Trademark goal. These can be specifically Trademark-related or cross-cutting management functions that are dedicated to supporting overall USPTO activities, such as financial management systems. These activities are further described under the Management goal. The costs are allocated to Trademarks and funded from trademark fee collections based on the USPTO’s ABI analysis and results.

## **RISK ASSESSMENT**

The Trademark Program supports the mission of the Office to convey federal registration of trademarks. This program is a high priority for the USPTO and is funded through user fees that directly support all aspects of the program. If the USPTO were unable to fund the Trademark program, it would negatively impact the Office’s responsibility to render decisions regarding federal registration and to maintain pendency targets, thereby affecting relationships with user groups and stakeholders.

## **INFLATIONARY ADJUSTMENTS**

The USPTO requires a net increase of 39 FTEs and \$10.9 million to fund adjustments to current programs for the Trademark Program activities. This increase will provide the annualization of the FY 2016 FTE increase and will also provide inflationary increases for non-labor activities, including service contracts, utilities, lease payments, and rent charges from the GSA.

## **TRADEMARK PERFORMANCE GOALS AND MEASURES.**

Historical and projected metrics can be found in the BPAG Chart on pages 12-13, and on the Data Visualization Center at <http://www.uspto.gov/about/stratplan/dashboards.jsp>.

## Exhibit 13 – 15: Trademark Program Changes by Sub-Program

Exhibit 13

Department of Commerce  
U.S. Patent and Trademark Office  
**TRADEMARK PROGRAM  
INCREASES FOR 2017**  
(Dollar amounts in thousands)

		2017 Base		2017 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
<b>Direct Total, Trademark Program</b>	<i>Pos./Obl.</i>	917	187,475	981	187,273	64	(202)
	<i>FTE</i>	907		947		40	
<b>Trademark Examining</b>	<i>Pos./Obl.</i>	763	127,056	824	131,230	61	4,173
	<i>FTE</i>	750		787		37	
Trademark Workload	Pos./Obl.					52	3,365
	FTE					31	
Trademark Quality Initiative	Pos./Obl.					9	809
	FTE					6	
<b>Trademark Appeals and Trial Proceedings</b>	<i>Pos./Obl.</i>	78	14,333	79	14,575	1	241
	<i>FTE</i>	77		78		1	
TTAB Staffing	Pos./Obl.					1	241
	FTE					1	
<b>Trademark Information Resources</b>	<i>Pos./Obl.</i>	77	46,086	79	41,469	2	(4,617)
	<i>FTE</i>	80		82		2	
Trademark Business Projects	Pos./Obl.					2	(4,617)
	FTE					2	

Department of Commerce  
U.S. Patent and Trademark Office  
**TRADEMARK PROGRAM**  
**INCREASES FOR 2017 - 2021**  
(Dollar amounts in thousands)

		FY 2017 Increase (Decrease)		FY 2018 Increase (Decrease)		FY 2019 Increase (Decrease)		FY 2020 Increase (Decrease)		FY 2021 Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
<b>Direct Total, Trademark Program</b>		<b>64</b>	<b>(202)</b>	<b>126</b>	<b>17,251</b>	<b>192</b>	<b>24,389</b>	<b>238</b>	<b>34,168</b>	<b>296</b>	<b>45,314</b>
	Pos./Obl.										
	FTE	40		102		165		221		274	
<i>Trademark Examining</i>	Pos./Obl.	61	4,173	117	11,565	179	20,297	221	30,183	276	41,648
	FTE	37		95		153		206		256	
Trademark Workload	Pos./Obl.	52	3,365	107	9,628	169	17,783	209	26,947	263	37,518
	FTE	31		86		143		195		244	
Trademark Quality Initiative	Pos./Obl.	9	809	10	1,937	10	2,515	12	3,236	13	4,130
	FTE	6		10		10		11		13	
<i>Trademark Appeals and Trial Proceedings</i>	Pos./Obl.	1	241	2	480	3	732	4	991	5	1,258
	FTE	1		2		3		4		5	
TTAB Staffing	Pos./Obl.	1	241	2	480	3	732	4	991	5	1,258
	FTE	1		2		3		4		5	
<i>Trademark Information Resources</i>	Pos./Obl.	2	(4,617)	7	5,206	10	3,360	13	2,994	15	2,409
	FTE	2		4		8		10		12	
Trademark Business Projects	Pos./Obl.	2	(4,617)	7	5,206	10	3,360	13	2,994	15	2,409
	FTE	2		4		8		10		12	

## **Sub-Program: Trademark Examining**

The Trademark Examining sub-program contributes to the accomplishment of the strategic goal to optimize trademark quality and timeliness through the following objectives for which funds are required in FY 2017:

- Maintain Trademark First Action Pendency on Average Between 2.5-3.5 Months With 12.0 Months or Less Final Pendency
- Maintain High Trademark Quality

### **PROGRAM CHANGE**

Trademark Examining (+\$4.2 million and +37 FTE): The USPTO requires an increase of \$4.2 million and 37 FTE for a total of \$131.2 million and 787 FTE to align trademark application examination capacity with estimated workloads and enhance the quality of legal services. These resources and FTEs will enable the Trademark organization to process incoming work in a timely manner and address quality issues. Since the 2009 contraction, filings of new trademark applications have registered average annual growth rates of more than four percent, a pattern that is expected to continue and strengthen over the next few years as the economic recovery continues. From FY 2015 through FY 2021, the Trademark organization projects a workload increase of 51 percent.

Filings of new applications are expected to increase on average by about six to eight percent year over year. To handle the expected increase in workloads, the Office plans to increase its staff by a net total of 61 positions consisting of new examining attorney positions, as well as support and specialized positions. Offsetting the incremental costs, the Office expects to manage overtime usage through timely hiring and by setting appropriate levels of production incentives.

The Trademark organization is making good use of its electronic systems and is successfully motivating applicants to conduct correspondence electronically. More than 99 percent of all new applications and the majority of post registration affidavits are filed electronically. With greater end-to-end electronic processing, the Office will continue to realize cost reductions that partially offset the incremental cost of the new hires in FY 2017.

This program change is necessary to accomplish the strategic goal to optimize trademark quality and timeliness that is a critical part of the Department's Innovation strategic goal for transforming the Nation's economy, fostering U.S. competitiveness, and driving the development of new businesses. The *USPTO 2014-2018 Strategic Plan* notes the challenge for the Trademark organization to continue to maintain the timeliness and quality standards that users of the U.S. trademark system have come to expect.

### Proposed Action

The Trademark Examining program change will enable the USPTO to maintain trademark pendency at the current levels, particularly first action pendency, by addressing the need to balance forecasted new filings and workload (application classes are projected to increase about six to eight percent year over year), existing inventories, and examination capacity.



**Trademark Workload.** An increase of \$3.4 million and 31 FTE is required to align trademark application examination capacity with the revised estimated workloads. This will enable the Trademark organization to process incoming work in a timely manner. The positive momentum in new application filings is expected to continue being influenced by the economic recovery. The projected 51 percent increase in annual trademark application filings from FY 2015 to FY 2021 requires a corresponding 54 percent increase in examination capacity over the same period to continue to meet pendency and quality performance goals. With electronic filings and higher end-to-end electronic processing, the office continues to realize offsetting cost reductions in contract services that support manual paper based processes.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ 3,365	\$ 9,628	\$ 17,783	\$ 26,947	\$ 37,518
FTE	31	86	143	195	244

**Quality of Legal Services.** An increase of \$.8 million and 6 FTE are required to address the findings of the “specimen pilot”, which revealed that a large percentage of registrations needed to be fully or partially cancelled because the marks, or a subset of goods/services indicated in the registrations, were not in use. This is particularly true with registrations under the Paris Convention and the Madrid Protocol. The positions are required to address legal decision making issues and adopt a more thorough and harmonized examination of use allegation of maintenance of filings.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ 809	\$ 1,937	\$ 2,515	\$ 3,236	\$ 4,130
FTE	6	10	10	11	13

### Statement of Need and Economic Benefit

The Trademark Program performs a valuable function by identifying the source of products and services, as well as being an indicator of reliable quality to the consumer. A mark registered with the USPTO serves as prima facie evidence of ownership and the right to use the mark, which can provide access to the Federal court system. When registered with U.S. Customs and Border Protection, the registered mark can be used to stop the importation of infringing goods. Timely indication of the viability of a trademark application enables businesses to develop their financial and marketing plans.

**Schedules/Milestones/Deliverables** for the objective to maintain trademark first action pendency on average between 2.5-3.5 months with 12.0 months final pendency can be found in the Balanced Scorecard that accompanies the *USPTO 2014-2018 Strategic Plan*.

## Sub-Program: Trademark Appeals and Trial Proceedings

The Trademark Appeals and Trial Proceedings sub-program contributes to the accomplishment of the strategic goal to optimize trademark quality and timeliness through the following objective for which funds are required in FY 2017:

- Enhance Operations of the Trademark Trial and Appeal Board

### PROGRAM CHANGE

TTAB Staffing (+\$0.2 million and +1 FTE): The USPTO requires an increase of \$0.2 million and 1 FTE for a total of \$14.6 million and 78 FTE.

#### Proposed Action

**TTAB Staffing.** In FY 2017, the Trademark Program requires an increase of \$0.2 million and 1 FTE for one ATJ to handle projected workload increases in FY 2017 and beyond, primarily from anticipated growth in ex parte appeals and trial cases. This growth is the result of actual and projected increased filings of trademark applications dating to FY 2011, and shifting to alternate work models as new rules (expected in FY 2016) are implemented to increase process efficiencies. The latter may entail more hands-on case management to ensure that appeals and trial cases are completed in shorter time periods, and may lead to a higher percentage of trial cases being decided on the merits, rather than settled because of expense of litigation considerations. While the TTAB actively encourages settlement talks in trial cases, it also promotes process and procedure changes that will allow parties to pursue decisions on the merits, when desired, without being priced out of the process.

**Figure 1: TTAB Projected Workload – FY 2015 through FY 2021**

	FY 2015 Actual	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Trademark Filings	503,889	539,000	579,000	626,000	676,000	720,000	763,000
Trademark Filing Growth Rate	10.7%	7.0%	7.4%	8.1%	8.0%	6.5%	6.0%
Appeals	2,992	3,204	3,428	3,737	4,073	4,440	4,839
% change	7	7	7	9	9	9	9
Oppositions	5,290	5,500	5,885	6,297	6,675	7,075	7,500
% change	(4)	4	7	7	6	6	6
Cancellations	1,763	2,200	2,376	2,566	2,771	2,938	3,114
% change	2	6	8	8	8	6	6

In the table above, the FY 2015 decrease in opposition proceedings and the minimal increase in filing of cancellation proceedings may be reflective of concern among practitioners about the ramifications of the Supreme Court's decision in *B & B Hardware v. Hargis*, which some commentators have suggested may result in significant changes to the ways in which

practitioners prosecute and defend TTAB trial cases. The TTAB expects no significant changes in practice and procedures as a result of the *B & B Hardware v. Hargis* decision, and expects filings of new trial cases to resume its general pattern of increasing along with appeals, based on increasing trademark application filings, in FY 2016 and beyond. In addition, the greater than expected increase in appeals in FY 2015 resulted in more work for judges, notwithstanding the decrease in new trial cases, as a much higher percentage of all filed appeals eventually require decision on the merits by judges than do trial cases, which, like civil litigation, often settle. The TTAB anticipates needing the one additional ATJ to maintain the TTAB’s commitment to 1) issue a significant number of precedential decisions (35-40) on an annual basis, 2) update the TTAB Manual of Procedure (TBMP) on at least an annual basis, and 3) pursue outreach and other TTAB-related policy and rule development initiatives.

In FY 2017, the TTAB anticipates increases in appeal and trial case filings, contested motion work needing Judge disposition and/or review, and extensive work implementing rule changes adopted in FY 2016, more robust outreach and continuing increased complexity and size of case records.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$ 241	\$ 480	\$ 732	\$ 991	\$ 1,258
FTE	1	2	3	4	5

**Statement of Need and Economic Benefit**

Failure to fund this initiative could have a negative impact on pendency (time to decision) of appeals and trial cases ready for decision, which could increase from 10-12 weeks to 16-18 weeks. Delaying decisions on appeals and trial cases will have an adverse impact on America’s economy. When trademarks are developed for commercial enterprises, they create jobs for the businesses marketing products and for their suppliers, distributors, and retailers. The TTAB may have any number of such trademarks in its inventory of appeals and trial cases awaiting decision.

**Schedules/Milestones/Deliverables** for the objective to enhance operations of the TTAB can be found in the Balanced Scorecard that accompanies the *USPTO 2014-2018 Strategic Plan*.

## Sub-Program: Trademark Information Resources

The Trademark Information Resources sub-program contributes to the accomplishment of the strategic goal to optimize trademark quality and timeliness through the objective to ensure optimal IT service delivery to all users for which funds are required in FY 2017.

### PROGRAM CHANGE

Trademark Information Resources (-\$4.6 million): The USPTO requires a decrease of \$4.6 million for a total of \$41.5 million and 81 FTE for the Trademark share of its CIF.

#### Proposed Action

**Trademark Business Projects.** In FY 2016, TMNG full examination workflow will be delivered to the Trademark Law Offices. In FY 2017, the Trademark Program requires a decrease of \$4.6 million for the Trademark IT Portfolio to continue developing and delivering full electronic processing.

As part of the USPTO's recent financial planning and resource management effort to prioritize agency spending across multiple years, the net reduction in this sub-program reflects the result of extending Trademark information technology investments over a longer period of time in order to continue effective implementation of critical IT systems, which are an essential component in accomplishment of strategic goals.

In addition, the Trademark organization requires one additional position to help support Trademark staff that utilizes automated systems.

Additional information about the overall USPTO IT activities can be found in the "USPTO Information Technology Portfolio" section of the Introduction.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ (4,617)	\$ 5,206	\$ 3,360	\$ 2,994	\$ 2,409
FTE	2	4	8	10	12

### Statement of Need and Economic Benefit

IT is a mission critical enabler for every USPTO business function. The productivity of trademark and patent operations is directly correlated to the performance of its IT systems, which must be kept modern to meet current and future demands.

The USPTO's CPIC process governs how USPTO manages the selection, control, and evaluation of major investments. The CPIC process complies with and supports Federal legislation and guidance, and requires quantifiable measurements for determining the net benefits and risks of a proposed investment.

**Schedules/Milestones/Deliverables.** Detailed information regarding schedules, milestones, and deliverables can be found in the USPTO's Exhibit 300 submissions that are located on the Federal IT Dashboard web site. Additionally, information for the objective to ensure optimal IT service delivery to all users can be found in the Balanced Scorecard that accompanies the *USPTO 2014-2018 Strategic Plan*.

Exhibit 14

## PROGRAM CHANGE PERSONNEL DETAIL

Activity: Trademarks  
 Subactivity:

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
TM Examiner Attorney	Alexandria, VA	GS 11	60	71,115	4,266,900
TM Supervisory Attorney / Group Director	Alexandria, VA	GS 15	4	140,892	563,568
TM Staff Attorney	Alexandria, VA	GS 15	5	140,892	704,460
TM Staff Attorney	Alexandria, VA	GS 13	9	101,361	912,249
TM Management / Program Analyst	Alexandria, VA	GS 12	1	85,238	85,238
TM Business Operations Specialist	Alexandria, VA	GS 13	2	101,361	202,722
TM Exam Admin Support	Alexandria, VA	GS 9	1	53,435	53,435
TM Madrid Specialist	Alexandria, VA	GS 11	2	71,115	142,230
TM Attritions	Alexandria, VA	Avg Various	(21)	110,465	(2,319,765)
TTAB Administrative Trademark Judge (ATJ)	Alexandria, VA	AA 5	1	170,400	170,400
<b>Total</b>			<u>64</u>		<u>4,781,437</u>
less Lapse		36%	<u>24</u>		<u>1,730,706</u>
Total full-time permanent (FTE)			40		3,050,731
2017 Pay Adjustment	1.6%				36,621
<b>TOTAL</b>					<b><u>3,087,352</u></b>
<u>Personnel Data</u>			<u>Number</u>		
Full-Time Equivalent Employment					
Full-time permanent			40		
Other than full-time permanent			-		
Total			<u>40</u>		
Authorized Positions:					
Full-time permanent			64		
Other than full-time permanent			-		
Total			<u>64</u>		

## PROGRAM CHANGE DETAIL BY OBJECT CLASS

(Dollar amounts in thousands)

Activity: Trademarks

Subactivity:

Object Class	2017 Increase
11 Personnel compensation	
11.1 Full-time permanent	3,087
11.3 Other than full-time permanent	
11.5 Other personnel compensation	316
11.8 Special personnel services payments	
11.9 Total personnel compensation	3,404
12 Civilian personnel benefits	1,027
13 Benefits for former personnel	
21 Travel and transportation of persons	8
22 Transportation of things	(0)
23.1 Rental payments to GSA	-
23.2 Rental payments to others	21
23.3 Communications, utilities and miscellaneous charges	0
24 Printing and reproduction	(8)
25.1 Advisory and assistance services	-
25.2 Other services	9
25.3 Purchases of goods & services from Gov't accounts	(0)
25.4 Operation and maintenance of facilities	
25.5 Research and development contracts	
25.6 Medical care	
25.7 Operation and maintenance of equipment	(1,475)
25.8 Subsistence and support of persons	
26 Supplies and materials	32
31 Equipment	(3,216)
32 Lands and structures	-
33 Investments and loans	
41 Grants, subsidies and contributions	
42 Insurance claims and indemnities	-
43 Interest and dividends	-
44 Refunds	(2)
99 Total obligations	(202)

# **INTELLECTUAL PROPERTY POLICY, PROTECTION, AND ENFORCEMENT PROGRAM**

## Exhibit 10 – Program Performance: Total Obligations

Department of Commerce  
U.S. Patent and Trademark Office  
Intellectual Property Policy Protection and Enforcement Program  
PROGRAM AND PERFORMANCE: TOTAL OBLIGATIONS  
(Dollar amounts in thousands)

Activity: Intellectual Property Policy  
Subactivity: Intellectual Property Policy

Sub-Activity:		FY 2015		FY 2016 Current Plan		FY 2017 Base		FY 2017 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Policy, External Affairs and Administrative Support	Pos./Obl	91	21,694	112	24,567	112	26,286	112	26,286	-	0
	FTE	82		109		111		111		-	
Global Intellectual Property Academy (GIPA)	Pos./Obl	20	2,294	20	3,219	20	3,647	20	3,647	-	0
	FTE	20		20		20		20		-	-
IPR Attaché Program	Pos./Obl	2	12,027	2	12,215	2	12,697	2	12,697	-	0
	FTE	2		2		2		2		-	-
IP PP&E Information Resources	Pos./Obl	0	984	0	342	0	348	0	360	-	11
	FTE	0		0		0		0		-	-
Subtotal Direct	Pos./Obl	113	36,998	134	40,342	134	42,978	134	42,989	-	11
	FTE	104		131		133		133		-	
Management Goal - Allocated	Pos./Obl	52	22,422	67	20,060	67	20,616	69	20,403	2	(213)
	FTE	46		58		59		61		1	
<b>Total</b>	Pos./Obl	165	59,420	201	60,402	201	63,594	203	63,393	2	(201)
	FTE	150		189		193		194		1	



## Exhibit 12 – Justification of IP Policy, Protection and Enforcement Program and Performance

### BUDGET PROGRAM: Intellectual Property Policy, Protection and Enforcement (IP PP&E) Program

For FY 2017, the USPTO requests a total of \$63.6 million and 194 FTE for the IP PP&E Program.

PROGRAM BUDGET PROFILE (Dollars in thousands)							
Funding Requirements by Sub Program	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Policy, External Affairs and Administrative Support	\$21,694	\$24,567	\$26,286	\$26,719	\$27,173	\$27,635	\$28,105
Global Intellectual Property Academy (GIPA)	\$2,294	\$3,219	\$3,647	\$3,706	\$3,769	\$3,833	\$3,898
IPR Attaché Program	\$12,027	\$12,215	\$12,697	\$12,924	\$13,178	\$13,437	\$13,702
IP PP&E Information Resources	\$984	\$342	\$360	\$1,105	\$1,105	\$1,108	\$1,113
Management Goal - Allocated	\$22,422	\$20,060	\$20,403	\$22,121	\$22,151	\$22,361	\$22,909
<b>TOTAL</b>	<b>\$59,420</b>	<b>\$60,402</b>	<b>\$63,393</b>	<b>\$66,575</b>	<b>\$67,376</b>	<b>\$68,374</b>	<b>\$69,727</b>
<b>FTE</b>	<b>150</b>	<b>189</b>	<b>194</b>	<b>194</b>	<b>194</b>	<b>194</b>	<b>195</b>

### PROGRAM JUSTIFICATION

#### IP PP&E Program Overview

The USPTO's IP PP&E Program, through its strategic goal to provide domestic and global leadership to improve IP policy, protection, and enforcement worldwide, supports the Department's strategic goals to expand the U.S. economy through increased exports and inward foreign investment that lead to more and better American jobs; and to foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies that lead to higher productivity and competitiveness.

The USPTO promotes the protection and enforcement of IP of American innovators and creators on both the domestic and international levels. The USPTO advises the President, through the Secretary of Commerce, and all Federal agencies, on national and international IP policy issues including IP protection in other countries. The USPTO is also authorized to provide guidance, conduct programs and studies, and otherwise interact with foreign IP offices and international intergovernmental organizations on matters involving the protection of IP.

This IP PP&E goal will be met by achieving the objectives set forth in the *USPTO 2014-2018 Strategic Plan*, as shown below along with highlights of progress made in FY 2015:

- Provide Leadership and Education on IP Policy and Awareness.
  - Held a trade secret symposium focused on the protection of U.S. trade secrets from misappropriation, as trade secret theft threatens American businesses and the U.S. economy and the changing ways innovators are looking to IP laws to protect their assets, the relationship between patents and trade secrets, litigation of trade secret misappropriation, and international trade secret protection.
  - Collaborated with State, Justice, the U.S. Trade Representative (USTR), Copyright Office and the Institute of Museum and Library Services (IMLS) regarding implementing legislation for Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled and Beijing Treaty on Audiovisual Performances.
  - Shepherded a multi stakeholder forum on the Digital Millennium Copyright Act (DMCA) Notice and Takedown System to successful adoption of a statement of good, bad and situational practices for improving the efficiency of the handling and processing of DMCA notices by senders and recipients; concluded roundtables and comments on copyright policy issues relating to remix, first sale and statutory damages and made substantial progress in preparation of resulting Copyright White Paper; convened public meeting and made progress on proposal regarding government's role in facilitating online market place.
  - Increased visibility and popularity of the IP Boot Camps, indicating that US SMEs are becoming increasingly aware of "IP" as an issue about which they need to know, including prior to exporting.
  - Developed a definitive U. S. Government (USG) Resources handout that lists USG and other resources about the protection and enforcement of various types of IP in the United States and abroad.
  - Continued drafting documentation for Patent and Trademark Assignment Datasets.
  
- Provide Leadership and Education on International Agreements and Policies for Improving the Protection and Enforcement of IP Rights.
  - Continued to lead the administration efforts within the WIPO Advisory Committee on Enforcement (ACE) by promoting the enforcement of IP and working to ensure that future work of ACE reflects its enforcement mandate.
  - Continued to lead administration efforts within the WIPO Standing Committee on Copyright and Related Rights concerning proposed treaty for the protection of broadcasting signals and discussions relating to exceptions and limitations.
  - Continued to provide technical expertise and support USTR on IP enforcement and copyright issues relating to negotiations involving the Trans Pacific Partnership Agreement and the Transatlantic Trade and Investment Partnership Agreement.
  - Engaged the Chinese government agencies (including legislative and judiciary) on important bilateral IP issues, such as low quality patents (especially utility model patents) and difficulty to obtain pharmaceutical patents. Also continued to advocate and promote improvements in other areas, such as China's standards setting process and restrictive licensing environment.
  - Held briefings and consultations with Congressional staff on the WIPO Lisbon Agreement on Appellations of Origin and Geographical Indications, the Beijing Treaty on Audiovisual Performances, and the Marrakesh Treaty to Facilitate Access to Published Works by Visually Impaired Persons and Persons with Print Disabilities.

## Base Justification

### **Sub-Program #1: Policy, External Affairs and Administrative Support**

#### **Policy, External Affairs and Administrative Support (\$26.3 million and 111 FTE)**

The Chief Policy Officer and Director for International Affairs heads OPIA and is the principal advisor to the Under Secretary on public policy matters relating to IP protection including proposed legislation and international activities of the United States. OPIA includes attorneys in various subject matter fields (trade, enforcement, patents, copyright, and trademarks) who perform policy and representation work, and representation travel, as well as program analysts and a number of administrative support specialists who support the entire office.

#### Intellectual Property Policy

The USPTO, primarily through the OPIA, plays a critical role in the USG's efforts and obligations to provide IP technical assistance throughout the world, which includes providing policy advice, and defining a course or method of action that is intended to guide and determine present and future decisions on IP.

OPIA participates in the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations (UN) devoted to IP matters. WIPO has standing committees devoted to IP law. OPIA initiates, crafts, coordinates, negotiates, and represents the USG position. OPIA also participates in the World Trade Organization (WTO), which is an international forum for liberalizing trade. The United States is a WTO member and has worked to include a substantial IP component known as the Trade-Related Aspects of IP (TRIPS) agreement. OPIA provides technical expertise in IP dispute-settlement cases before the WTO, in support of and at the request of the office of the USTR. OPIA has been the USG's IP technical representative in several cases, most recently in the USG's successful copyright challenge to certain aspects of China's IP regime. OPIA also participates at the World Health Organization (WHO), which is the directing and coordinating authority for health within the UN system. IP issues surround access to medicines for influenza pandemics, among others.

The USPTO's statutory obligation to provide IP guidance and advice to the administration with respect to international IP policy and protection includes bilateral, regional, and multilateral IP discussions, and IP-Office cooperation, which has led directly to patent work sharing. These efforts benefit the USG and U.S. interests by ensuring the availability and enforceability of IP rights, thereby leveling the playing field for U.S. IP-based trade. Some of these initiatives include supporting Free Trade Agreement (FTA), Trilateral cooperative activities, and working to simplify and harmonize administrative and technical processing of patent and trademark applications.

OPIA also coordinates patent cooperative activities with the IP5, which lead to work-sharing and PPH projects that will help address the patent backlog.

#### Chief Economist

The Chief Economist (CE) is the primary advisor to the Under Secretary regarding economic issues at the USPTO. The CE undertakes research that influences and guides USPTO regulatory initiatives and policy recommendations with respect to the broader functioning of IP

systems. This involves long-term research and policy planning on an ongoing basis. The CE assists the USPTO and other USG agencies by evaluating market data and trends to assist in targeting examination, enforcement, and outreach resources. The CE also conducts research into the causes and consequences of significant developments in U.S. markets, prevailing practices among users and producers of IP, and U.S. IP policy.

### Edison Visiting Scholars Program

The Edison Scholars Program enlists the services of leaders in academia and the IP industry who devote up to six months of service to the agency on a full-time basis.

### Governmental Affairs (GA)

GA formulates legislative and policy proposals, and prepares supporting documentation to carry out the USPTO proposals. Staff also review and prepare analyses of legislative proposals concerning IP matters that originated in other executive agencies or that were proposed by members of Congress. GA prepares congressional testimony on IP for the Under Secretary and other USPTO and DOC officials, and maintains liaison with the Congress, the IP bar associations, industry, and others concerned with proposed and pending legislation. The group analyzes other IP-related policy issues that are before the Executive Branch and obtains public views through various means, including public hearings. The GA mission is to provide information and technical assistance to the Congress on the USPTO's initiatives and proposed IP legislation; generate goodwill; provide education and outreach; prepare for hearings and legislation; manage responses to congressional inquiries; and liaison with the DOC and other agencies.

### **Sub-Program #2: Global Intellectual Property Academy (GIPA)**

#### **Global Intellectual Property Academy (GIPA) (\$3.6 million and 20 FTE)**

GIPA provides web-based and on-site training, technical assistance, and capacity building programs and activities to foreign government officials from other IP offices and other foreign government officials responsible for IP enforcement policy and law enforcement. These include customs officials, police officers, IP enforcement office administrators, public prosecutors, and members of the judiciary. GIPA offers a variety of programs, information booths, and educational materials for SMEs throughout the United States on protecting and enforcing IP in the United States and abroad. GIPA also offers dedicated programs to minorities, women, and Native Americans. GIPA carries out "train-the-trainers" programs for the Small Business Development Centers (SBDCs), the National Institute of Standards and Technology Manufacturing Extension Partnership (NIST MEP), and others. In addition, GIPA offers specialized programs on doing business in the BRIC (Brazil, Russia, India and China) countries.

Specific programs include:

- High-level capacity building and technical assistance training to foreign government officials (judges, prosecutors, customs officials, IP enforcement personnel, as well as officials from IP offices).
- Providing patent officials from other countries with patent examiner training at the Patent Training Academy with financial support from those countries.
- Conducting advanced trademark examination programs for examiners and senior officials from other IP offices including Brazil and India. These programs provide the officials with

an in-depth analysis of the U.S. approach to the examination of trademark applications in order to strengthen the practices and procedures in other countries.

- Organizing and hosting capacity-building joint projects with organizations such as the Asia Pacific Economic Cooperation (APEC); the Association of South East Asian Nations (ASEAN); and the Pacific Islands Forum (PIF).
- Conducting programs on IP rights enforcement and the U.S. legal system for foreign government judges and prosecutors.
- Conducting an IP “boot camp” for U.S. small businesses including an IP “needs assessment” on patents, trade secrets, trademarks, copyright, IP and the Internet; and one-on-one consultations to assist businesses to protect themselves against IP theft from abroad, and to prepare themselves for exporting their goods or services.
- Offering online instruction and outreach through webinars and e-learning modules, providing easy, global access to information tools.

### **Sub-Program #3: Intellectual Property Rights (IPR) Attaché Program**

#### **Intellectual Property Rights (IPR) Attaché Program (\$12.7 million and 2 FTE)**

The IPR Attaché Program was formally instituted in 2006 to promote strong IP protection and enforcement internationally for the benefit of U.S. foreign, economic, and political interests. Since its creation, the IPR Attaché Program has placed or is working to place individuals in the following countries: Brazil, China (posts exist in Beijing, Guangzhou, and Shanghai), Kuwait (for the Middle East), India, Russia, Switzerland, Mexico and Thailand, as well as Brussels, Belgium at the U.S. Mission to the European Union. When USPTO employees are posted, during their time abroad they leave the USPTO and become Foreign Commercial Service (FCS) employees with full return rights to the USPTO. The IPR Attaché Program is closely aligned with and supports achievement of USPTO's mission, the IP PP&E strategic goal, and the objectives identified in the *USPTO 2014-2018 Strategic Plan*. The IP attachés bring unique technical IP expertise and experience to their posts. Attachés have helped influence laws, regulations, and IPR practices in their host countries.

### **Sub-Program #4: IP PP&E Information Resources**

#### **IP PP&E Information Resources (\$.4 million)**

IP PP&E Information Resources includes base resources for making capital improvements to, and operating and maintaining, existing IP PP&E systems. The USPTO IT activities are fully described in the “USPTO Information Technology Portfolio” section of the Introduction. The IP PP&E Program’s share of both direct and indirect IT costs is allocated to this sub-program.

### **Sub-Program #5: Management Goal – Allocated**

#### **Management Goal – Allocated (\$20.6 million and 59 FTE)**

This sub-program represents all of the management activities that support accomplishment of the IP PP&E goal. These can be specifically IP PP&E related or cross-cutting functions that are dedicated to overall USPTO activities, such as financial management systems. These activities are described under the Management Goal while the costs are allocated to the IP PP&E program based on the Office’s ABI analysis and results.

## **RISK ASSESSMENT**

Given the demonstrated importance of high-quality IP, the USPTO is a key component of the Administration’s strategy to encourage American innovation and global competitiveness. As a result, the USPTO is striving to meet the challenges to maintaining effective IP rights, which include: gathering data on how IP rights function in the marketplace, deepening the dialogue

on global IP policy, facilitating technical cooperation with foreign countries, optimizing the interaction of the IP system with other legal regimes, arriving at agreement on standards for IP protection, and improving IP enforcement. If the USPTO does not have the spending authority to carry out these programs, this would undermine accomplishment of the Department and USPTO missions.

### **INFLATIONARY ADJUSTMENTS**

The USPTO requires a net increase of 4 FTEs and \$3.2 million to fund adjustments to current programs for the IP PP&E Program activities. This increase will provide the annualization of the FY 2016 FTE increase and will also provide inflationary increases for non-labor activities, including service contracts, utilities, lease payments, and rent charges from the GSA.

### **IP PP&E PERFORMANCE GOALS AND MEASURES**

Historical and projected metrics can be found in the BPAG Chart on pages 12-13, and on the Data Visualization Center at <http://www.uspto.gov/about/stratplan/dashboards.jsp>

## Exhibit 13 – 15: IP Policy, Protection and Enforcement Program Changes by Sub-Program

Exhibit 13

Department of Commerce  
 U.S. Patent and Trademark Office  
 INTELLECTUAL PROPERTY POLICY PROTECTION & ENFORCEMENT  
 INCREASES FOR 2017  
 (Dollar amounts in thousands)

		2017 Base		2017 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Direct Total, Intellectual Property Policy, Protection and Enforcement Program	Pos./Obl.	134	42,978	134	42,989	-	11
	FTE	133		133		-	
<i>IP PP&amp;E Information Resources</i>	<i>Pos./Obl.</i>	-	348	-	360	-	11
	<i>FTE</i>	-		-		-	-
IP PP&E Business Projects	Pos./Obl.					-	11
	FTE					-	

Department of Commerce  
 U.S. Patent and Trademark Office  
**INTELLECTUAL PROPERTY POLICY PROTECTION & ENFORCEMENT**  
**INCREASES FOR 2017 - 2021**  
 (Dollar amounts in thousands)

		FY 2017		FY 2018		FY 2019		FY 2020		FY 2021	
		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
<b>Direct Total, Intellectual Property Policy, Protection and Enforcement Program</b>	<b>Pos./Obl.</b>	-	11	-	751	-	743	-	738	-	737
	<b>FTE</b>	-	-	-	-	-	-	-	-	-	-
<i>IP PP&amp;E Information Resources</i>	<i>Pos./Obl.</i>	-	11	-	751	-	743	-	738	-	737
	<i>FTE</i>	-	-	-	-	-	-	-	-	-	-
IP PP&E Business Projects	Pos./Obl.	-	11	-	751	-	743	-	738	-	737
	FTE	-	-	-	-	-	-	-	-	-	-



## Sub-Program: IP PP&E Information Resources

The IP PP&E Information Resources sub-program contributes to the accomplishment of the strategic goal to provide leadership to improve IP policy, protection and enforcement through the following management goal objective for which funds are required in FY 2017:

- Leverage IT Investments to Achieve Business Results

### Program Change

IP PP&E Information Resources (\$0.01 million): The USPTO requires an increase of \$0.01 million for a total of \$.4 million for its CIF.

### Proposed Action

**IP PP&E Business Projects.** This increase represents a minor adjustment to costs associated with updating existing IT systems that are utilized for IP performance reporting and to administer IP surveys and evaluate the results.

Additional information about the overall USPTO IT activities can be found in the “USPTO Information Technology Portfolio” section of the Introduction.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ 11	\$ 751	\$ 743	\$ 738	\$ 737
FTE	-	-	-	-	-

### Statement of Need and Economic Benefit

IT is a mission critical enabler for every USPTO business function. The productivity of patent and trademark operations is directly correlated to the performance of its IT systems, which must be kept modern to meet current and future demands.

The USPTO’s CPIC process governs how USPTO manages the selection, control, and evaluation of major IT investments. The CPIC process ensures that major IT investments selected for implementation address legitimate needs of the Office, and represent cost-effective business solutions.

**Schedules/Milestones/Deliverables.** Detailed information regarding schedules, milestones, and deliverables can be found in the USPTO’s Exhibit 300 submissions that are located on the Federal IT Dashboard website. Additionally, information for the objective to leverage IT investments to achieve business results can be found in the Balanced Scorecard that accompanies the *USPTO 2014-2018 Strategic Plan*.

Exhibit 14

**PROGRAM CHANGE PERSONNEL DETAIL**

Activity: IP PP&E  
 Subactivity:

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
None					
<b>Total</b>			<u>0</u>		<u>-</u>
less Lapse			<u>0</u>		<u>-</u>
Total full-time permanent (FTE)			0		-
2016 Pay Adjustment		1.3%			-
2017 Pay Adjustment		1.6%			-
<b>TOTAL</b>					<u>-</u>

**Personnel Data**

	Number
Full-Time Equivalent Employment	
Full-time permanent	0
Other than full-time permanent	0
Total	<u>0</u>
Authorized Positions:	
Full-time permanent	0
Other than full-time permanent	0
Total	<u>0</u>

Exhibit 15

**PROGRAM CHANGE DETAIL BY OBJECT CLASS**

(Dollar amounts in thousands)

Activity: IP PP&E  
 Subactivity:

Object Class	2017 Increase
11 Personnel compensation	
11.1 Full-time permanent	-
11.3 Other than full-time permanent	
11.5 Other personnel compensation	-
11.8 Special personnel services payments	
11.9 Total personnel compensation	-
12 Civilian personnel benefits	-
13 Benefits for former personnel	
21 Travel and transportation of persons	(23)
22 Transportation of things	-
23.1 Rental payments to GSA	-
23.2 Rental payments to others	-
23.3 Communications, utilities and miscellaneous charges	(0)
24 Printing and reproduction	(0)
25.1 Advisory and assistance services	1
25.2 Other services	(120)
25.3 Purchases of goods & services from Gov't accounts	(38)
25.4 Operation and maintenance of facilities	
25.5 Research and development contracts	
25.6 Medical care	
25.7 Operation and maintenance of equipment	181
25.8 Subsistence and support of persons	
26 Supplies and materials	(9)
31 Equipment	20
32 Lands and structures	-
33 Investments and loans	
41 Grants, subsidies and contributions	
42 Insurance claims and indemnities	-
43 Interest and dividends	-
44 Refunds	-
99 Total obligations	11

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# **MANAGEMENT PROGRAM**

## Exhibit 10 – Program Performance: Total Obligations

Department of Commerce  
U.S. Patent and Trademark Office  
**MANAGEMENT PROGRAM**  
**PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS**  
(Dollar amounts in thousands)

Activity: Management Program  
Subactivity: Achieve Organization Excellence

Sub-Activity:		FY 2015		FY 2016 Current Plan		FY 2017 Base		FY 2017 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction and Communications	Pos./Obl	48	6,646	75	8,984	75	9,333	77	10,041	2	708
	FTE	35	-	55	-	56	-	57	-	1	-
Financial Management Services	Pos./Obl	110	25,455	130	27,047	130	28,336	134	28,746	4	410
	FTE	111	-	124	-	130	-	134	-	4	-
Human Resource Management and Administrative Services	Pos./Obl	222	44,586	239	45,750	239	48,462	245	49,173	6	711
	FTE	206	-	232	-	239	-	245	-	6	-
Legal Services	Pos./Obl	116	21,836	130	25,580	130	26,050	130	25,507	-	(543)
	FTE	114	-	129	-	130	-	130	-	-	-
Management Information Resources	Pos./Obl	50	62,511	53	53,745	53	55,357	55	41,069	2	(14,288)
	FTE	46	-	52	-	53	-	55	-	2	-
IT Infrastructure and IT Support Services	Pos./Obl	453	356,580	521	377,612	521	389,138	571	350,738	50	(38,399)
	FTE	420	-	482	-	522	-	549	-	27	-
Miscellaneous General Expense	Pos./Obl	-	245,400	-	229,989	-	236,061	-	244,234	-	8,173
	FTE	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	Pos./Obl	999	763,014	1,148	768,708	1,148	792,736	1,212	749,507	64	(43,229)
	FTE	932		1,074		1,130		1,170		40	

Sub-Activity:	FY 2015		FY 2016 Current Plan		FY 2017 Base		FY 2017 Estimate		Increase/ (Decrease)		
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	
<b>Management Goal - Allocation:</b>											
Patent Program	Pos./Obl	797	612,255	909	638,151	909	658,232	960	623,490	51	(34,742)
	FTE	745		855		900		932		33	
Trademark Program	Pos./Obl	150	128,338	172	110,497	172	113,888	183	105,614	11	(8,274)
	FTE	140		161		171		178		7	
IPPP&E Program	Pos./Obl	52	22,422	67	20,060	67	20,616	69	20,403	2	(213)
	FTE	46		58		59		61		1	
Total Management Goal Allocation		999	763,015	1,148	768,708	1,148	792,736	1,212	749,507	64	(43,229)
	Pos./Obl										
	FTE	932		1,074		1,130		1,170		40	

## Exhibit 12 – Management Program and Performance

### BUDGET PROGRAM: Management Program

For FY 2017, the USPTO requests a total of \$749.5 million and 1,170 FTE for the Management Program. The costs associated with the Management Program activities have already been allocated to the Patent, Trademark, and IP PP&E Programs using the Office's ABI results.

<b>PROGRAM BUDGET PROFILE</b>							
(Dollars in thousands)							
Funding Requirements by Sub Program	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Executive Direction and Communications	\$6,646	\$8,984	\$10,041	\$9,983	\$10,148	\$10,314	\$10,482
Financial Management Services	\$25,455	\$27,047	\$28,746	\$30,649	\$31,176	\$31,339	\$31,876
Human Resource Management and Administrative Services	\$44,586	\$45,750	\$49,173	\$50,622	\$51,485	\$52,362	\$53,256
Legal Services	\$21,836	\$25,580	\$25,507	\$26,459	\$26,895	\$27,338	\$27,789
Management Information Resources	\$62,511	\$53,745	\$41,069	\$50,696	\$51,816	\$50,381	\$53,018
IT Infrastructure and IT Support Services	\$356,580	\$377,612	\$350,738	\$392,893	\$368,808	\$366,333	\$390,437
Miscellaneous General Expense	\$245,400	\$229,989	\$244,234	\$297,724	\$299,519	\$303,025	\$309,969
<b>TOTAL</b>	\$763,014	\$768,708	\$749,507	\$859,026	\$839,845	\$841,092	\$876,826
<b>FTE</b>	932	1,074	1,170	1,177	1,180	1,184	1,187

### PROGRAM JUSTIFICATION

#### Management Program Overview

The USPTO's Management Program, through its strategic goal to achieve organizational excellence, enables the USPTO to carry out its mission and accomplish its goals and objectives. The USPTO's management goal is consistent with the DOC's Data and Operational Excellence strategic goals.

Fulfillment of the USPTO's mission requires strong leadership and collaborative management. While the USPTO's three strategic goals focus on its core mission, overarching management priorities focus on the shared responsibility that is a prerequisite for achieving those goals and



objectives; namely, sound resource management, quality legal services, solid workforce planning, corporate support services, and effective use of IT.

This Management goal will be met by achieving the objectives set forth in the *USPTO 2014-2018 Strategic Plan*, as shown below along with highlights of progress made in FY 2015:

- Leverage IT Investments to Achieve Business Results:
  - Continued to develop the ability to conduct fully electronic dissemination interactions and increasing Web-conferencing capabilities.
  - Continued developing a new and enhanced website that provides a customer transactional portal and the ability to operate in a mobile environment.
  - Continued to evolve and improve IT infrastructure and services to be more modern, efficient, secure and available through the use of virtual and cloud capabilities.
  - Continued to provide transparent operations, processes, and information, striving toward 24/7/365 operational capability.
  - Continued working with business units to deliver cost-effective and seamless next generation systems that operate independently of legacy systems by FY 2018.
  - Developed a revised patent assignment database which is more user-friendly and easier to search. [*Executive Action #1*]
  
- Continue to Build and Maintain a Flexible, Diverse, and Engaged Workforce:
  - Increased the number of teleworkers to 10,114 employees working from home at least one day a week.
  - Administered and evaluated results of Employee Engagement Survey.
  - Evaluated the Suggestion Zone program and explored options for enhancing its structure, such as migrating to the 3.0 community on the IdeaScale platform as an intermediary ideation solution.
  - Refocused the Leadership Academy on incumbent Senior Executive Service (SES) employees and modified the Career Enhancement Opportunity (CEO) Program (formerly the Career Advancement Opportunity Program).
  - Continued to benchmark best practices for recruiting and retaining a highly skilled workforce with a focus on enhancing recruitment and hiring efforts and recruiting veterans.
  - On-going Intra-Agency Labor-Management Forum between the USPTO and its three union bargaining units.
  - Based on a visit to Penn State University to meet with leaders of student affinity groups, initiated discussions about cultivating professional ties with those groups.
  
- Enhance Internal and External Relations:
  - Continued active engagements with DOC, OMB, other federal agencies and the Congress on IP-related issues including USPTO operations, abusive patent litigation practices, proposed copyright reforms, and enhanced protection of trade secrets.
  - As part of the Patent Quality Summit, the USPTO is focusing on the quality of the customer experience, which includes ensuring that customers are treated promptly, fairly, consistently, and professionally at all stages of the examination process. The USPTO also is focused on maximizing the effectiveness and professionalism of all customer interactions, be it through examiner interviews, official USPTO communications, or call center exchanges.

- Patents held over 58 legal, technical, and stakeholder engagement events at the regional offices, and IP related events including, for example, a Medical Tech Fair & Medical Device Partnership Meeting.
  - Co-sponsored the Future of Urban Innovation Summit in New York with the DOC and Columbia University on the present and future state of innovation and how government, academia, and industry work together to spur economic growth; hosted the 2<sup>nd</sup> Annual National Summer Teacher Institute on Innovation; Science, Technology, Engineering, and Mathematics (STEM); and IP in Dallas, Texas, which was designed to help middle and high school teachers incorporate concepts of making, inventing, and IP creation and protection into classroom instruction.
- Secure Sustainable Funding to Deliver Value to Fee-Paying Customers and the Public
    - Successfully worked with the Administration and Congress to transfer FY 2014 fee collections above the FY 2014 appropriated level from the PTFRF to the USPTO account in early FY 2015, allowing the USPTO to continue making progress towards the agency's goals and objectives.
    - Conducted the biennial USPTO fee review; hearings by both the TPAC and PPAC have been concluded; and draft rulemakings are being developed.
    - Established a Financial Advisory Board (FAB) to provide oversight, accountability, and analysis for financial activities. The FAB conducted an in-depth, open review of all business unit budgets.
    - The USPTO's Operating Reserve Policy was signed on September 25, 2015.
    - Included a recommendation to remove the Section 10 sunset provision in the AIA Implementation Report that was sent to Congress in September 2015. Since Congressional action is required to implement this recommendation, the USPTO is working within the Executive Branch to identify next steps.
    - Continued to meet with the PPAC and TPAC on activity-based information.
  - Establish Regional Offices and a Regional Presence
    - Completed advance preparations required to open the Silicon Valley, California regional office in October 2015, and the Dallas, Texas regional office in November 2015.
    - Strengthened the partnership with the Cornell New York City (NYC) Tech campus and hosted roundtables with area start-ups.

## Base Justification

### **Sub-Program #1: Executive Direction and Communications**

#### **Executive Direction and Communications (\$9.3 million and 56 FTE)**

Executive Direction and Communications entails determining the policies and directing the programs of the USPTO. The Under Secretary and Director receives advice from the PPAC and the TPAC on Office policies, goals, performance, budget, and user fees.

Communications entail media relations and speech writing; business liaison, outreach, and community relations; internal communications; and museum services, special events, and web services.

Education and Outreach -- The USPTO provides educational activities and participates in educational programs for students, educators, and young inventors and innovators of all ages.

## **Sub-Program #2: Financial Management Services**

### **Financial Management Services (\$28.3 million and 130 FTE)**

Financial Management Services contributes to the efficient and effective management of organizational resources in support of the strategic goals by:

- Ensuring that the USPTO's annual performance supports the strategic plan; the budget is efficiently and effectively formulated and executed to achieve optimal performance levels across all business units; and actionable information is provided to executive management.
- Awarding quality, fiscally-responsible, and timely procurement actions by anticipating and exceeding stakeholders' ever-changing needs with their knowledge of business practices and market dynamics, innovative strategies, and well-defined and standardized processes.
- Implementing and managing financial accounting and control systems, collecting financial data, and analyzing financial reports leading to sound financial decisions. As of FY 2015, these activities have enabled the USPTO to earn an unqualified audit opinion on its annual financial statements for 23 consecutive years, and the Association of Government Accountants' Certificate of Excellence in Accountability Reporting award for 13 consecutive years.

## **Sub-Program #3: Human Resource Management and Administrative Services**

### **Human Resource Management and Administrative Services (\$48.5 million and 239 FTE)**

Efficient and effective human resources management, administrative services, and telework programs under the responsibility of the Chief Administrative Officer, entail:

- Using approved and appropriate personnel practices, tools, and policies for recruiting, developing, and retaining a high-performing, highly-skilled, and diverse workforce necessary for mission success, and to foster the next generation of USPTO employees and leaders. This includes attracting employees with the right skill sets while focusing on a results-oriented performance culture, leadership and development, and talent management.
- Expanding and promoting structured USPTO-wide telework as a corporate business strategy, which supports mission achievement and goal fulfillment via a distributed workforce.
- Overseeing a broad range of administrative and employee service programs (for example, occupational/safety/health services; printing and graphics; mail center operations; move services; transportation services; conference services; cafeteria, concessions, and food services; personnel property management services; and file repository services) that are responsive to the needs of the USPTO workforce.
- Providing real property services (e.g., lease/facilities management, space planning/design, coordination of building renovations), as well as energy conservation and environmental management services.
- Providing for protection of personnel, facilities, and property; coordinating the USPTO's Occupant Emergency, Emergency Preparedness, and Continuity of Operations' planning efforts.

### Equal Employment Opportunity and Diversity (EEO)

The promotion of EEO and a diverse, inclusive workforce is achieved by providing: reasonable accommodation of employees and job applicants with disabilities; sign language interpreting services, as needed; strategic affirmative employment programs; special emphasis programs; workforce diversity initiatives; EEO complaint processing, including alternative dispute

resolution when applicable; and facilitating recruitment, development, and retention of a diverse and multicultural work force. The Office of EEOD partners with each USPTO business unit to maintain a fair and inclusive workforce. The organization reports directly to the Office of the Under Secretary.

#### **Sub-Program #4: Legal Services**

##### **Legal Services (\$26.1 million and 130 FTE)**

Legal services provided by the offices under the General Counsel entail:

- The Office of the Solicitor (SO) serves as legal counsel to the USPTO on IP law matters, and works in collaboration with the DOC on interagency IP law matters. Primary responsibilities of the SO include defending decisions by the PTAB and the TTAB before the United States Court of Appeals for the Federal Circuit (CAFC) and the Federal District courts; representing the Under Secretary in district court actions that are filed against the USPTO pursuant to the Administrative Procedure Act (APA); providing legal advice on IP law policy and regulation; prosecuting attorneys and agents who practice before the Office for alleged ethical violations or misconduct; and defending USPTO employees at deposition.
- The Office of General Law (OGL) represents the USPTO in legal matters other than those involving IP, such as providing advice, writing legal opinions, and litigating in areas concerning the management of the USPTO, such as administrative, employment, contract/procurement, fiscal, and labor law.
- The Office of Enrollment and Discipline (OED) evaluates applications of persons seeking registration as attorneys and agents and reciprocal recognition of Trademark agents; registers and maintains a roster of registered attorneys and agents to practice before the USPTO in patent cases; and investigates and brings disciplinary proceedings against registered attorneys and agents as well as attorneys practicing in trademark matters.

#### **Sub-Program #5: Management Information Resources**

##### **Management Information Resources (\$55.3 million and 53 FTE)**

Management Information Resources includes ongoing operations and maintenance, and making capital improvements to management business systems, as fully described in the “USPTO Information Technology Portfolio” section of the Introduction.

#### **Sub-Program #6: IT Infrastructure and IT Support Services**

##### **IT Infrastructure and IT Support Services (\$389.1 million and 522 FTE)**

IT Infrastructure and IT Support Services entails operating and maintaining the underlying infrastructure supporting the business systems and the IT support services (e.g., operations and maintenance); making capital improvements to those same IT infrastructure and support services; and disseminating information to the public. A full description is included in the “USPTO Information Technology Portfolio” in the Introduction.

#### **Sub-Program #7: Cross-Cutting Management Services: Miscellaneous General Expense**

##### **Cross-Cutting Management Services: Miscellaneous General Expense (\$236.1 million)**

This sub-program entails cross-cutting services that affect all USPTO employees and/or operations, such as space rental, utilities, lease management, security, telecommunications, transportation, postage, and the USPTO’s participation in the DOC Working Capital Fund. It also includes funding for post-retirement benefits, whereby the USPTO is required to fund the

present costs of post-retirement benefits for the Federal Employees Health Benefits (FEHB) Program, Federal Employees Group Life Insurance (FEGLI) Program, and the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS) pension liabilities. Funds for this purpose are paid to the Office of Personnel Management (OPM).

## **RISK ASSESSMENT**

As the USPTO's core mission activities continue to grow and have an ever-increasing impact on domestic and international economies, it is imperative that the USPTO modernize. This requires USPTO leadership to make prudent management decisions, drive efficiency throughout the organization, and make informed trade-offs in determining how best to manage the Office's resources. If the USPTO does not have spending authority for Management initiatives, this has the potential for putting the USPTO at risk in numerous categories, but three are particularly high:

- Operational Risk would be the result if the USPTO were unable to hire the number of people with the technical expertise needed to carry out mission-related activities such as examining patent and trademark applications, carrying out international negotiations, and developing and maintaining IT systems.
- Financial Risk would occur if the USPTO were unable to accurately forecast its fee collections and keep all fees collected as planned in annual budget submissions.
- A Technology Risk would occur if the USPTO were unable to operate and maintain the underlying infrastructure supporting the business systems and the IT support services (e.g., operations and maintenance); and make needed capital improvements to that IT infrastructure.

## **INFLATIONARY ADJUSTMENTS**

The Management Program ATBs have already been allocated back to the three main Budget Programs and included with their costs.

## Exhibit 13 – 15: Management Program Changes by Sub-Program

Exhibit 13

Department of Commerce  
U.S. Patent and Trademark Office  
**MANAGEMENT PROGRAM**  
**INCREASES FOR 2017**  
(Dollar amounts in thousands)

		2017 Base		2017 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Total, Management Program	<i>Pos./Obl.</i>	1,148	792,736	1,213	749,507	64	(43,229)
	<i>FTE</i>	1,130		1,171		40	
Executive Direction and Communications	<i>Pos./Obl.</i>	75	9,333	77	10,041	2	708
	<i>FTE</i>	56		57		1	
Education and Outreach	<i>Pos./Obl.</i>					2	708
	<i>FTE</i>					1	
Financial Management Services	<i>Pos./Obl.</i>	130	28,336	134	28,746	4	410
	<i>FTE</i>	130		134		4	
Financial Services Staffing	<i>Pos./Obl.</i>					4	410
	<i>FTE</i>					4	
Human Resources Management and Administrative Services	<i>Pos./Obl.</i>	239	48,462	245	49,173	6	711
	<i>FTE</i>	239		245		6	
Human Resources Staffing and Contractor Support	<i>Pos./Obl.</i>					6	711
	<i>FTE</i>					6	

Exhibit 13 continued

		2017 Base		2017 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
<i>Legal Services</i>	<i>Pos./Obl.</i>	130	26,050	130	25,507	-	(543)
	<i>FTE</i>	130		130		-	
Solicitor's Office Production and AIA Workload	<i>Pos./Obl.</i>					-	(543)
	<i>FTE</i>					-	
<i>Management Information Resources</i>	<i>Pos./Obl.</i>	53	55,357	55	41,069	2	(14,288)
	<i>FTE</i>	53		55		2	
Management Business Projects	<i>Pos./Obl.</i>					2	(14,288)
	<i>FTE</i>					2	
<i>IT Infrastructure and IT Support Services</i>	<i>Pos./Obl.</i>	521	389,138	571	350,738	50	(38,399)
	<i>FTE</i>	522		549		27	
IT Projects	<i>Pos./Obl.</i>					50	(38,399)
	<i>FTE</i>					27	
<i>Miscellaneous General Expense (MGE)</i>	<i>Pos./Obl.</i>	-	236,061	-	244,234	-	8,173
	<i>FTE</i>	-		-		-	
Cross Cutting Services	<i>Pos./Obl.</i>					-	8,173
	<i>FTE</i>					-	

Department of Commerce  
U.S. Patent and Trademark Office  
**MANAGEMENT PROGRAM**  
**INCREASES FOR 2017 - 2021**  
(Dollar amounts in thousands)

		FY 2017		FY 2018		FY 2019		FY 2020		FY 2021	
		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
<b>Total, Management Program</b>	<i>Pos./Obl.</i>	<b>64</b>	<b>(43,229)</b>	<b>66</b>	<b>53,320</b>	<b>66</b>	<b>16,904</b>	<b>66</b>	<b>617</b>	<b>66</b>	<b>18,888</b>
	<i>FTE</i>	<b>40</b>		<b>66</b>		<b>66</b>		<b>66</b>		<b>66</b>	
<b>Executive Direction and Communications</b>	<i>Pos./Obl.</i>	<b>2</b>	<b>708</b>	<b>2</b>	<b>412</b>	<b>2</b>	<b>417</b>	<b>2</b>	<b>419</b>	<b>2</b>	<b>422</b>
	<i>FTE</i>	<b>1</b>		<b>2</b>		<b>2</b>		<b>2</b>		<b>2</b>	
Education and Outreach	<i>Pos./Obl.</i>	<b>2</b>	<b>708</b>	<b>2</b>	<b>412</b>	<b>2</b>	<b>417</b>	<b>2</b>	<b>419</b>	<b>2</b>	<b>422</b>
	<i>FTE</i>	<b>1</b>		<b>2</b>		<b>2</b>		<b>2</b>		<b>2</b>	
<b>Financial Management Services</b>	<i>Pos./Obl.</i>	<b>4</b>	<b>410</b>	<b>6</b>	<b>1,827</b>	<b>6</b>	<b>1,860</b>	<b>6</b>	<b>1,520</b>	<b>6</b>	<b>1,546</b>
	<i>FTE</i>	<b>4</b>		<b>6</b>		<b>6</b>		<b>6</b>		<b>6</b>	
Financia	<i>Pos./Obl.</i>	<b>4</b>	<b>410</b>	<b>6</b>	<b>1,827</b>	<b>6</b>	<b>1,860</b>	<b>6</b>	<b>1,520</b>	<b>6</b>	<b>1,546</b>
	<i>FTE</i>	<b>4</b>	<b>-</b>	<b>6</b>		<b>6</b>		<b>6</b>		<b>6</b>	
<b>Human Resources Management and Administrative Services</b>	<i>Pos./Obl.</i>	<b>6</b>	<b>711</b>	<b>6</b>	<b>1,424</b>	<b>6</b>	<b>1,437</b>	<b>6</b>	<b>1,450</b>	<b>6</b>	<b>1,463</b>
	<i>FTE</i>	<b>6</b>		<b>6</b>		<b>6</b>		<b>6</b>		<b>6</b>	
Human Resources Staffing and Contractor Support	<i>Pos./Obl.</i>	<b>6</b>	<b>711</b>	<b>6</b>	<b>1,424</b>	<b>6</b>	<b>1,437</b>	<b>6</b>	<b>1,450</b>	<b>6</b>	<b>1,463</b>
	<i>FTE</i>	<b>6</b>		<b>6</b>		<b>6</b>		<b>6</b>		<b>6</b>	



		FY 2017		FY 2018		FY 2019		FY 2020		FY 2021	
		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
<b>Legal Services</b>	<b>Pos./Obl.</b>	-	(543)	-	-	-	-	-	-	-	-
	<b>FTE</b>	-		-		-		-		-	
Solicitor's Office Production and AIA Workload	Pos./Obl.	-	(543)	-	-	-	-	-	-	-	-
	FTE	-		-		-		-		-	
<b>Management Information Resources</b>	<b>Pos./Obl.</b>	2	(14,288)	2	(5,644)	2	(5,618)	2	(8,169)	2	(6,640)
	<b>FTE</b>	2		2		2		2		2	
Management Business Projects	Pos./Obl.	2	(14,288)	2	(5,644)	2	(5,618)	2	(8,169)	2	(6,640)
	FTE	2		2		2		2		2	
<b>IT Infrastructure and IT Support Services</b>	<b>Pos./Obl.</b>	49	(38,399)	49	(179)	49	(31,898)	49	(42,150)	49	(25,283)
	<b>FTE</b>	26		49		49		49		49	
IT Projects	Pos./Obl.	49	(38,399)	49	(179)	49	(31,898)	49	(42,150)	49	(25,283)
	FTE	26		49		49		49		49	
<b>Miscellaneous General Expense (MGE)</b>	<b>Pos./Obl.</b>	-	8,173	-	55,480	-	50,708	-	47,546	-	47,381
	<b>FTE</b>	-		-		-		-		-	
Cross Cutting Services	Pos./Obl.	-	8,173	-	55,480	-	50,708	-	47,546	-	47,381
	FTE	-		-		-		-		-	

## Sub-Program: Executive Direction and Communications

The Executive Direction and Communications sub-program contributes to the accomplishment of the goal to achieve organizational excellence through the objective/initiative to:

- Enhance internal and external relations.

### PROGRAM CHANGE

Executive Direction and Communications (+\$.7 million and +1 FTE): The Office of the Under Secretary requires an increase of \$.7 million and 1 FTE for a total of \$10.0 million and 57 FTE.

This request supports the Department's Data and Operational Excellence strategic goals.

#### Proposed Action

**Education and Outreach.** Funds and two positions are required for a young inventors dedicated resource center and assistance hotline, and a USPTO innovation education center. In the last several years, the USPTO has significantly increased public awareness of the value of IP. Consequently the public's awareness of the importance for IP, innovation and integrated STEM learning has grown. In addition, advances in technology and access to tools available to students have resulted in increases in student generated IP such as inventions, apps, and product design, which require broader knowledge and understanding of IP and entrepreneurship. To enhance the USPTO's role in supporting the growing demand for patent, trademark, and IP assistance in general to young inventors across the United States., especially girls and students in under-served communities across the United States, the USPTO plans to offer a dedicated Young Inventors Assistance Resource Center and hotline customized for students and educators in support of their submission of patent and trademark applications.

There is also a need to establish an Innovation Education Center (IEC). Unlike traditional subjects, schools do not offer invention education courses for students or certifications for invention education teachers. There exists an unmet need and an opportunity for the USPTO to properly certify and train teachers to integrate IP into STEM courses, events and activities. The IEC would include a state of the art classroom and "maker" stations for IP training, and would resemble a children's museum that features various innovation stations.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ 708	\$ 412	\$ 417	\$ 419	\$ 422
FTE	1	2	2	2	2

#### Statement of Need and Economic Benefit

As a fully fee-funded organization, the USPTO is committed to enhancing communication about innovation and IP to all components of its stakeholder community.

**Schedules/Milestones/Deliverables** – This proposed action is expected to be taken in FY 2017 through FY 2021.

## Sub-Program: Financial Management Services

The Financial Management Services sub-program contributes to the accomplishment of the goal to achieve organizational excellence through the objective/initiative to:

- Secure Sustainable Funding to Deliver Value to Fee-Paying Customers and the Public by maximizing cost efficiency and transparency.

### PROGRAM CHANGE

Financial Management Services (+\$0.4 million and +4 FTE): The Office of the Chief Financial Officer (OCFO) requires an increase of \$0.4 million and 4 FTE for a total of \$28.7 million and 134 FTE.

This request supports the Department's Data and Operational Excellence strategic goals.

#### Proposed Action

#### Financial Services Staffing

Three positions are required to modernize the USPTO's acquisition process. These new positions will enable the Office of Procurement (OP) to implement the results of a multi-year business process review that was completed in FY 2015. OP requires liaisons to partner with business units and ensure timely engagement with contracting officials to produce actionable requirements. This partnering will provide the lead time that procurement personnel need to help ensure the USPTO receives the most value per contract dollar spent. The liaisons will work with USPTO program officials and contracting personnel to minimize re-work, maximize lead time, and enable OP to strategically plan beyond its immediate workload. The result will be fewer transactions, better-defined requirements, and contracts that produce better overall value to the USPTO.

In addition, with IT as one of the USPTO's largest and more variable funding elements, the OCFO plans to add a full-time resource to partner more closely with the OCIO and to obtain routine and consistent information about all IT facets, including acquisition, budget and spending, and the status of major projects.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ 410	\$ 1,827	\$ 1,860	\$ 1,520	\$ 1,546
FTE	4	6	6	6	6

#### Statement of Need and Economic Benefit

As a fully fee-funded organization, the USPTO is committed to being a good steward of the user fees paid by patent and trademark applicants, and those doing business with the USPTO.

**Schedules/Milestones/Deliverables** – This proposed action is expected to be taken in FY 2017 through FY 2021.

## Sub-Program: Human Resources Management and Administrative Services

The Human Resources (HR) Management and Administrative Services sub-program contributes to the accomplishment of the goal to achieve organizational excellence through the objectives to:

- Continue to Build and Maintain a Flexible, Diverse, and Engaged Workforce

### PROGRAM CHANGE

HR Management and Administrative Services (+\$.7 million and +6 FTE): The USPTO requires an increase of \$.7 million and 6 FTE for a total of \$49.2 million and 245 FTE to provide a broad range of administrative and employee service programs that are responsive to the needs of the USPTO workforce.

This initiative supports the Department's Data and Operational Excellence strategic goals and addresses USPTO commitments to its workforce.

### Proposed Actions

#### Human Resources Staffing and Contractor Support

Funds and six positions are required for a number of human resources activities to continue providing timely and quality human resources and administrative services to USPTO employees. Funds will be used to:

- Fully implement a re-designed Leadership Academy that will replace the current SES Executive Education Program and provide senior executives with a comprehensive cohort-based leadership learning experience.
- Handle the ever-increasing workload in the areas of employee performance and conduct cases and suitability adjudications, as the number of conduct and performance actions have more than doubled in the last five years.
- Expand the Strategic Consulting Team, which provides consultative services in the areas of strategic human capital management and organizational change initiatives.
- Support an Alternative Dispute Resolution effort to help increase employee engagement and decrease the amount of employee disciplinary, adverse and performance actions.
- Create a new Reporting and Analytics Team that would provide reporting and predictive analytics to enhance management's ability to make key data-driven decisions more efficiently and effectively.
- Modernize recruitment and retention strategies to create a pipeline of information technology experts enabling the transformation of USPTO through the development of next-generation technology products and services.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ 711	\$ 1,424	\$ 1,437	\$ 1,450	\$ 1,463
FTE	6	6	6	6	6

### **Statement of Need and Economic Benefit**

The provision of quality and timely administrative services supports the USPTO's ranking as a best place to work in the Federal Government.

**Schedules/Milestones/Deliverables** for the Management Goal to achieve organizational excellence are identified in the Balanced Scorecard that accompanies the *USPTO 2014-2018 Strategic Plan*.

## Sub-Program: Legal Services

The Legal Services sub-program, carried out by the OGC, contributes to the accomplishment of the management goal of organizational excellence. It also contributes to the IP PP&E initiative to provide policy formulation in all fields of IP protection and enforcement by providing legal counsel to the USPTO on all IP law matters, representing the USPTO on non-IP legal matters, and evaluating, registering and maintaining a roster of registered attorneys and agents to practice before the USPTO in patent cases and oversight of patent pro bono services supported by the USPTO.

### Program Change

Legal Services (-\$0.5 million and): The USPTO proposes a decrease of \$543,000 for a total of \$25.5 million and 130 FTE.

**Pro Bono Program.** A decrease of \$543,000 is required to reflect the reduction of contractor support now that the program is established in all 50 states. The OGC will continue to provide oversight of patent pro bono services supported by the USPTO.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$ (543)	\$ -	\$ -	\$ -	\$ -
FTE	-	-	-	-	-

### Statement of Need and Economic Benefit

The USPTO strategic goals cannot be achieved without quality legal services for issues that affect both stakeholders and employees.

## Sub-Program: Management Information Resources

The Management Information Resources sub-program contributes to the accomplishment of the management goal to achieve organizational excellence through the following objective for which funds are required in FY 2017:

- Leverage IT Investments to Achieve Business Results

### PROGRAM CHANGE

Management Information Resources (-\$14.3 million and +2 FTE): The USPTO requires a decrease of \$14.3 million and an increase of 2 FTE for a total of \$41.1 million and 55 FTE for its management business systems. This request supports the Department's Data and Operational Excellence strategic goals.

#### Proposed Action

**Management Business Projects.** A decrease of \$14.3 million is planned for FY 2017 for management information resources, which reflects, for example, the current status of the development of the Fee Processing Next Generation (FPNG) system, and other planned activities.

As part of the USPTO's recent financial planning and resource management effort to prioritize agency spending across multiple years, the net reduction in this sub-program reflects the result of extending Management information technology investments over a longer period of time in order to continue effective implementation of critical IT systems, which are an essential component in accomplishment of strategic goals.

Two positions are required to address a significant increase in systems and integrations managed by Office of Financial Management Systems (OFMS). The new positions include a technical lead who would focus on operating and maintaining the new USPTO Financial Manager (FPNG) and its associated integrations and environments, and a portfolio lead who would focus on "connecting the dots" between automation for various business areas and support OFMS management by performing ad hoc analyses of emerging technologies as well as upcoming IT policy and procedure changes at the USPTO.

Additional information about the overall USPTO IT activities can be found in the "USPTO Information Technology Portfolio" section of the Introduction.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$(14,288)	\$ (5,644)	\$ (5,618)	\$ (8,169)	\$ (6,640)
FTE	2	2	2	2	2

### Statement of Need and Economic Benefit

IT is a mission critical enabler for every USPTO business function. The productivity of patent and trademark operations is directly correlated to the performance of its IT systems, which must be kept modern to meet current and future demands.

The USPTO's CPIC process governs how USPTO manages the selection, control, and evaluation of major IT investments. The CPIC process ensures that major IT investments

selected for implementation address legitimate needs of the Office, and represent cost-effective business solutions.

**Schedules/Milestones/Deliverables.** Detailed information regarding schedules, milestones, and deliverables can be found in the USPTO's Exhibit 300 submissions that are located on the Federal IT Dashboard website. Additionally, information for the objective to leverage IT investments to achieve business results can be found in the Balanced Scorecard that accompanies the *USPTO 2014-2018 Strategic Plan*.



## Sub-Program: IT Infrastructure and IT Support Services

The IT Infrastructure and IT Support Services sub-program contributes to the accomplishment of the management goal to achieve organizational excellence through the following objective for which funds are required in FY 2017:

- Leverage IT Investments to Achieve Business Results

### PROGRAM CHANGE

Improve IT Infrastructure and Tools (-\$38.4 million and +27 FTE): The USPTO requires a decrease of \$38.4 million and an increase of 27 FTE for a total of \$350.7 million and 549 FTE for its IT infrastructure. This supports the Department's Data and Operational Excellence strategic goals.

#### Proposed Action

**IT Projects.** The proposed decrease will allow for the realignment of IT funds so that higher priority items are funded now and others are accomplished in future years to ensure the continued cost-effectiveness of USPTO's IT program. Without this realignment and prioritization of funds and requirements, the effective implementation of critical IT systems, which are an essential component in accomplishment of strategic goals, could be jeopardized. Required funding will allow for the hiring of additional staff to ensure the continued viability of the infrastructure enhancements and to support business modernization efforts.

Additional information about the overall USPTO IT activities can be found in the "USPTO Information Technology Portfolio" section of the Introduction.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Amount (\$ in thousands)	\$(38,399)	\$ (179)	\$(31,898)	\$(42,150)	\$(25,283)
FTE	27	50	50	50	50

### Statement of Need and Economic Benefit

IT is a mission-critical enabler for every USPTO business function. The productivity of patent and trademark operations is directly correlated to the performance of its IT systems, which are in need of modernization, including its telecommunications technology upon which fulfillment of USPTO goals and objectives depends.

The USPTO's CPIC process governs how USPTO manages the selection, control, and evaluation of major IT investments. The CPIC process ensures that major IT investments selected for implementation address legitimate needs of the Office, and represent cost-effective business solutions.

**Schedules/Milestones/Deliverables.** Detailed information regarding schedules, milestones, and deliverables can be found in the USPTO's Exhibit 300 submissions that are located on the Federal IT Dashboard website. Additionally, information for the objective to leverage IT investments to achieve business results can be found in the Balanced Scorecard that accompanies the *USPTO 2014-2018 Strategic Plan*.

## **Sub-Program: Cross-Cutting Services/Miscellaneous General Expense (MGE)**

The Cross-Cutting Services/MGE sub-program contributes to the accomplishment of the management goal to achieve organizational excellence by enabling the effective funding and implementation of cross-cutting activities, primarily corporate support services that affect all USPTO employees and operations. Cross-cutting activities are funded through the MGE budget account, which includes the expenses incurred in connection with the general management of the USPTO that are not provided for elsewhere. These cross-cutting activities also facilitate adherence to regulations, Executive Orders (EO) and guidance documents, and support the USPTO management goal to achieve organizational excellence.

### **PROGRAM CHANGE**

Cross-Cutting Services/MGE (\$8.2 million): The USPTO requires an increase of \$8.2 million for a total of \$244.2 million for cross-cutting services that support the Department's Organizational Excellence strategic goal.

#### Proposed Actions

**Cross-Cutting Services.** Funds are required in FY 2017 and the out years to continue providing cost-effective corporate support services that affect all USPTO employees and operations. The FY 2017 request reflects the reductions and delays that the USPTO implemented in FY 2016 and FY 2017 as part of its prioritization review, and the USPTO's anticipation that restoration of funds in the out years will be required. The requirement for \$8.2 million for FY 2017 includes \$10,000 to purchase uniforms to be worn by USPTO personnel at recruitment events, consistent with common recruiting practices, and the following:

The lease at Randolph Square expires in March 2019 and GSA has informed the USPTO that there is a strong possibility that the property will no longer be available for lease. Given the square footage requirements, this is a prospectus level lease and Congressional approval is needed. GSA recommended USPTO budget for construction and move costs, which they estimate to be between \$12-\$15 million. The USPTO needs to continue housing approximately 700 employees and contractors that are currently located in Randolph Square. For FY 2017, the USPTO requires \$4 million.

Given heightened security awareness, \$1.9 million would be allocated to the USPTO's guard service contract and provide funding for other security initiatives. This includes funds to upgrade the Physical Security Access Control System (PACS), currently Ccure 800 system, to increase the flexibility of integrated applications and improve the overall security system. USPTO's security devices; i.e., CCTV, cameras, turnstiles, card readers, alarms, etc. are all programmed to the Ccure system which operates all access control equipment for the headquarters and regional offices. Ccure 800 was installed in 2003, has been upgraded, but is now coming to "end of life." A PACS upgrade to Ccure 9000 is required.

Funds for security are also required to upgrade the Emergency Call Intercom system ("Blue Light" boxes located in the parking garages) to provide simultaneous two-way conversation with caller and security officer. The existing call box system was installed around 2003, and only allows one-way communication. The caller's location in the garage is not known, nor is the system integrated into the camera system. The actual PBX intercom system (which is proposed to be replaced) is reaching "end of life" and will be obsolete in the coming years.

The newer Commend technology will allow for integration into the security access control system and the camera system.

\$1.5 million is required to fully fund the USPTO's Working Capital Fund and to enhance the agreement between the USPTO and the Smithsonian Institution. In September 2014, the USPTO and the Smithsonian signed a memorandum of agreement (MOA) establishing a five-year collaboration to develop programs and exhibitions showcasing American innovation.

Finally, \$.8 million would be allocated to miscellaneous cross-cutting services. Part of these FY 2017 costs are offset by reductions to USPTO rental payments.

Failure to fund this initiative will compromise the Office's ability to provide a safe and secure environment for its employees, and to implement best practices for improving employee recruitment and retention.

	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Amount (\$ in thousands)	\$ 8,173	\$ 55,480	\$ 50,708	\$ 47,546	\$ 47,381
FTE	-	-	-	-	-

**Statement of Need and Economic Benefit**

Recruiting and retaining employees with the skills needed to fulfill the core mission requires the USPTO to provide a safe and comfortable work environment by investing in the safety and security of the campus, as well as maintenance of the facilities.

**Schedules/Milestones/Deliverables** – Actions toward implementing the above initiatives will be taken in FY 2017.

Exhibit 14

**PROGRAM CHANGE PERSONNEL DETAIL**

Activity: Management

Subactivity:

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
Education/IP Advisor	Alexandria, VA	Various	2	76,723	153,446
CFO Specialists	Alexandria, VA	Various	6	119,383	716,298
HR Specialists	Alexandria, VA	Various	6	117,496	704,976
IT Specialists	Alexandria, VA	Various	50	96,343	4,817,150
<b>Total</b>			<b>64</b>		<b>6,391,870</b>
less Lapse		35%	24		2,264,144
Total full-time permanent (FTE)			40		4,127,726
2017 Pay Adjustment	1.60%				49,526
<b>TOTAL</b>					<b>4,177,252</b>

Personnel Data

	<b>Number</b>
Full-Time Equivalent Employment	
Full-time permanent	40
Other than full-time permanent	-
<b>Total</b>	<b>40</b>

Authorized Positions:

Full-time permanent	64
Other than full-time permanent	-
<b>Total</b>	<b>64</b>

Exhibit 15

**PROGRAM CHANGE DETAIL BY OBJECT CLASS**

(Dollar amounts in thousands)

Activity: Management  
 Subactivity:

Object Class	2017 Increase
11 Personnel compensation	
11.1 Full-time permanent	4,177
11.3 Other than full-time permanent	
11.5 Other personnel compensation	-
11.8 Special personnel services payments	
11.9 Total personnel compensation	4,177
12 Civilian personnel benefits	1,312
13 Benefits for former personnel	
21 Travel and transportation of persons	20
22 Transportation of things	(5)
23.1 Rental payments to GSA	(1,036)
23.2 Rental payments to others	327
23.3 Communications, utilities and miscellaneous charges	(200)
24 Printing and reproduction	10
25.1 Advisory and assistance services	235
25.2 Other services	(1,055)
25.3 Purchases of goods & services from Gov't accounts	3,288
25.4 Operation and maintenance of facilities	
25.5 Research and development contracts	
25.6 Medical care	
25.7 Operation and maintenance of equipment	(13,714)
25.8 Subsistence and support of persons	
26 Supplies and materials	(238)
31 Equipment	(36,349)
32 Lands and structures	-
33 Investments and loans	
41 Grants, subsidies and contributions	
42 Insurance claims and indemnities	-
43 Interest and dividends	(0)
44 Refunds	-
99 Total obligations	<b>(43,229)</b>

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# **EXHIBITS: 16 - 37**

## Exhibit 16 – Summary of Requirements by Object Class

### Department of Commerce U.S. Patent and Trademark Office

#### SUMMARY OF REQUIREMENTS BY OBJECT CLASS (Dollar amounts in thousands)

Object Class	FY 2015	FY 2016 Current Plan	FY 2017 Base	FY 2017 Estimate	Increase/ Decrease over 2017 Base
11.1 Salaries	1,376,626	1,463,916	1,509,045	1,513,231	4,185
11.5 Other personnel compensation	140,249	149,755	152,554	153,198	645
<b>11.9 Total personnel compensation</b>	<b>1,516,875</b>	<b>1,613,671</b>	<b>1,661,599</b>	<b>1,666,429</b>	<b>4,830</b>
12.1 Civilian personnel benefits	498,427	530,958	552,492	553,761	1,269
21 Travel and transportation of persons	6,501	7,054	7,133	6,976	(157)
22 Transportation of things	292	324	329	317	(12)
23.1 Rental payments to GSA	96,258	92,025	93,681	92,646	(1,036)
23.2 Rental payments to others	13,014	19,693	20,048	20,399	351
23.3 Commun., util., and misc. charges	18,925	22,022	22,419	22,620	201
24 Printing and reproduction	134,625	133,920	136,330	137,123	793
25.1 Advisory and assistance services	75,234	63,555	64,661	62,375	(2,286)
25.2 Other services from non-federal sources	127,854	108,006	109,886	106,001	(3,885)
25.3 Other goods and services from federal sources	42,392	35,811	36,434	35,146	(1,288)
25.4 Operation and maintenance of facilities	22,856	19,308	19,644	18,949	(694)
25.7 Operation and maintenance of equipment	325,766	275,193	279,983	270,085	(9,898)
26 Supplies and materials	41,197	43,806	44,595	44,286	(309)
31 Equipment	252,468	262,273	266,226	203,120	(63,106)
32 Land and Structures	538	-	-	-	-
4x Insurance claims, indemnities, and refunds	2,862	3,621	3,686	3,622	(65)
<b>99.9 Total Obligations</b>	<b>3,176,086</b>	<b>3,231,240</b>	<b>3,319,147</b>	<b>3,243,855</b>	<b>(75,292)</b>
Fee Collections	(3,008,756)	(3,088,812)	(3,321,024)	(3,321,024)	0
Less prior year other income/recoveries	(22,657)	(32,257)	(22,257)	(22,257)	0
Less prior year unobligated balance	(650,957)	(504,285)	(392,113)	(392,113)	0
Less end year unobligated balance	504,285	392,113	414,248	489,540	75,292
Total Budget Authority	(2,000)	(2,000)	(2,000)	(2,000)	0
Personnel Data					
Full-Time equivalent Employment:	12,469	12,757	12,776	12,835	59
Positions:	12,780	12,889	12,890	12,974	84



## Exhibit 32 – Appropriation Language

### PATENT AND TRADEMARK OFFICE SALARIES AND EXPENSES (INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the United States Patent and Trademark Office (USPTO) provided for by law, including defense of suits instituted against the Under Secretary of Commerce for Intellectual Property and Director of the USPTO, ~~\$3,272,000,000~~ \$3,321,024,000 to remain available until expended: *Provided*, That the sum herein appropriated from the general fund shall be reduced as offsetting collections of fees and surcharges assessed and collected by the USPTO under any law are received during fiscal year ~~2016~~ 2017, so as to result in a fiscal year ~~2016~~ 2017 appropriation from the general fund estimated at \$0: *Provided further*, That during fiscal year ~~2016~~ 2017, should the total amount of such offsetting collections be less than ~~\$3,272,000,000~~ \$3,321,024,000 this amount shall be reduced accordingly: *Provided further*, That any amount received in excess of ~~\$3,272,000,000~~ \$3,321,024,000 in fiscal year ~~2016~~ 2017 and deposited in the Patent and Trademark Fee Reserve Fund shall remain available until expended: *Provided further*, That the Director of USPTO shall submit a ~~spending plan notification to reprogram funds~~ to the Committees on Appropriations of the House of Representatives and the Senate for any amounts made available by the preceding proviso and such ~~spending plan~~ notification shall be treated as a reprogramming under section 505 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section: *Provided further*, That any amounts reprogrammed in accordance with the preceding proviso shall be transferred to the United States Patent and Trademark Office "Salaries and Expenses" account: *Provided further*, That from amounts provided herein, not to exceed \$900 shall be made available in fiscal year ~~2016~~ 2017 for official reception and representation expenses: *Provided further*, That in fiscal year ~~2016~~ 2017 from the amounts made available for "Salaries and Expenses" for the USPTO, the amounts necessary to pay (1) the difference between the percentage of basic pay contributed by the USPTO and employees under section 8334(a) of title 5, United States Code, and the normal cost percentage (as defined by section 8331(17) of that title) as provided by the Office of Personnel Management (OPM) for USPTO's specific use, of basic pay, of employees subject to subchapter III of chapter 83 of that title, and (2) the present value of the otherwise unfunded accruing costs, as determined by OPM for USPTO's specific use of post-retirement life insurance and post-retirement health benefits coverage for all USPTO employees who are enrolled in Federal Employees Health Benefits (FEHB) and Federal Employees Group Life Insurance (FEGLI), shall be transferred to the Civil Service Retirement and Disability Fund, the FEGLI Fund, and the Employees FEHB Fund, as appropriate, and shall be available for the authorized purposes of those accounts: *Provided further*, That any differences between the present value factors published in OPM's yearly 300 series benefit letters and the factors that OPM provides for USPTO's specific use shall be recognized as an imputed cost on USPTO's financial statements, where applicable: *Provided further*, That within the amounts appropriated, \$2,000,000 shall be transferred to the "Office of Inspector General" account for activities associated with carrying out investigations and audits related to the USPTO.

## Explanation of Proposed Changes to Appropriation Language

Proposed Change	Explanation
<p>...<del>\$3,272,000,000</del> \$3,321,024,000</p> <p>...<del>2016</del> 2017</p>	<p>Retains the appropriation language in Public Law 113-76 for FY 2016, but changes the amount available to the USPTO in FY 2017 to be the total amount of fees collected during FY 2017, and changes all references to FY 2016 to FY 2017.</p>
<p><i>Provided further, That the Director of USPTO shall submit a <del>spending plan notification</del> to reprogram funds to the Committees on Appropriations of the House of Representatives and the Senate for any amounts made available by the preceding proviso and such <del>spending plan notification</del> shall be treated as a reprogramming under section 505 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section:</i></p>	<p>As recommended in the Study and Report on the Implementation of the Leahy-Smith America Invents Act Report to Congress in September 2015, eliminates the requirement for a redundant spending plan to accompany a reprogramming notice to transfer funds to the operating reserve. USPTO submits a detailed spend plan to the Committees on Appropriations as a part of the annual appropriation process.</p>
<p><i><del>Provided further, That notwithstanding any other provision of law, all fees and surcharges assessed and collected by USPTO are available for USPTO only pursuant to section 42(c) of title 35, United States Code, as amended by section 22 of the Leahy-Smith America Invents Act (Public Law 112-29):</del></i></p>	<p>The need for this section has been overtaken by Section 22 of the America Invents Act, which provides for USPTO funding, and establishes the Patent and Trademark Fee Reserve Fund.</p>

### Legislative Authorities

The programs of the USPTO are conducted under the following main legislative authorities:

- 15 U.S.C. 1051-1141n contain provisions of the Trademark Act that govern the administration of the USPTO's trademark registration system, provide for administrative proceedings before the USPTO, and set forth procedures relating to international registration of trademarks pursuant to the Madrid Protocol;
- 15 U.S.C. 1511 states that the USPTO is under the jurisdiction and subject to the control of the Department of Commerce;
- 35 U.S.C. 1-13, 21-26, 32-33, 100-105, 111-122, 131-135, 141-146, 151-157, 161-164, 171-173, 251-256, 261, 262, 267, 301-307, and 311-318 contain basic authorities for administration of patent laws, derived from the Act of July 19, 1952, and subsequent enactments;
- 35 U.S.C. 41 provides for collection of specific fees for identified services and establishment of fees at an estimated average cost for processing, services or materials not specified;

- 35 U.S.C. 41(i)(2) provides for deployment of automated search systems of the Office to the public;
- 35 U.S.C. 42(d) provides that the Director may refund any fee paid by mistake or in excess of that required;
- 35 U.S.C. 181-188 provides authorities for actions relating to secrecy of certain inventions and filing of applications in foreign countries;
- 35 U.S.C. 361-368, 371-375 contain authorities related to Patent Cooperation Treaty applications, national stage entry and related procedures;
- 35 U.S.C. 376 authorizes the USPTO to charge fees for activities related to the Patent Cooperation Treaty, and the Director may set fee amounts, except for the international and handling fees.
- Leahy Smith America Invents Act (Pub. L. No. 112-29) provides specific authority for the USPTO to collect a number of fees related to patent services, including a 15 percent surcharge on most patent fees and a prioritized examination fee.

## Exhibit 37

U.S. Department of Commerce  
United States Patent and Trademark Office

Statement of Actions on GAO Recommendations made from November 1, 2011, through September 30, 2015

Date of Report	GAO Job Code	Recommendation	Action Plan for Recommendation	Actions Taken to-Date	Status of Recommendation: Open or Closed
8/22/2013	361366	1. We are recommending that the Secretary of Commerce direct the Director of PTO to consider examining trends in patent infringement litigation, including the types of patents and issues in dispute, and to consider linking this information to internal data on patent examination to improve the quality of issued patents and the patent examination process.	USPTO is utilizing its Edison Scholars Program to conduct research on how the USPTO can best examine trends in patent litigation and to consider whether this information can inform USPTO's examination and post-grant procedures. USPTO will explore the feasibility of utilizing external commercial databases and input from the public to obtain information on patent infringement litigation. USPTO will consider whether the information obtained from actions planned can be linked to internal data on patent examination to improve the quality of issued patents and the patent examination process.	<p>The USPTO has obtained from GAO the Lex Machina patent litigation data using in GAO-13-465. GAO obtained permission from Lex Machina to share those data, which are the basis of PTO's preliminary exploration that investigates the link between patent examination and patent litigation.</p> <p>The USPTO has signed an agreement with RPX to acquire patent litigation data for future research purposes.</p> <p>The Chief Economist completed a report titled Patent Litigation and USPTO Trials: Implications for Patent Examination Quality. The report was sent to the GAO on January 31, 2015.</p>	Open

## Exhibit D – Facilities and Real Property Reporting

### ACQUISITIONS:

#### 2016

Space Type	Type of Action	Estimated Area	Program	Planned Complete FY	Location (City State) If Know	Space Offset Identified (Y/N)	Sustainability (Y/N)	Net of Utilities	Renewable Energy (Y/N)
<i>Office</i>	<i>Replacement OA</i>	<i>54,319 sf</i>	<i>PTO</i>	<i>FY 2016</i>	<i>Alexandria, VA</i>	<i>N</i>	<i>N</i>	<i>Open</i>	<i>N</i>
<i>Office</i>	<i>USPTO Lease</i>	<i>35,194 sf</i>	<i>PTO</i>	<i>FY 2016</i>	<i>San Jose, CA</i>	<i>N</i>	<i>Y</i>	<i>N</i>	<i>N</i>
<i>Office</i>	<i>GSA Lease</i>	<i>48,956 sf</i>	<i>PTO</i>	<i>FY 2016</i>	<i>Dallas, TX</i>	<i>N</i>	<i>Y</i>	<i>N</i>	<i>N</i>

#### 2017-21

Space Type	Type of Action	Estimated Area	Program	Planned Complete Yr	Location (City State) If Know	Space Offset Identified (Y/N)	Sustainability (Y/N)	Net of Utilities	Renewable Energy (Y/N)
<i>Warehouse</i>	<i>Replacement OA</i>	<i>278,322 sf</i>	<i>PTO</i>	<i>FY 2019</i>	<i>Franconia, VA</i>	<i>N</i>	<i>N</i>	<i>Open</i>	<i>N</i>
<i>Warehouse</i>	<i>Replacement OA</i>	<i>26,832 sf</i>	<i>PTO</i>	<i>FY 2019</i>	<i>Lorton, VA</i>	<i>N</i>	<i>Y</i>	<i>Open</i>	<i>Y</i>
<i>Office</i>	<i>Replacement OA</i>	<i>189,871 sf</i>	<i>PTO</i>	<i>FY 2019</i>	<i>Arlington, VA</i>	<i>N</i>	<i>N</i>	<i>Open</i>	<i>N</i>

**RENEWABLE ENERGY** (*Existing Owned Building & Leases*)

Identify existing owned facilities and leases where renewable energy requirements are planned to be incorporated into repair and alterations or Tennant Improvement projects. Identify the inventory system (FRPM/FRPP) property identification number, the location, the OU/Program and the year completed. Known projects are in italics.

**2016**

Property ID	Location (City State)	Program	FY Completed
<i>None Planned</i>			

**2017-2021**

Property ID	Location (City State)	Program	FY Completed
<i>None Planned</i>			

**DISPOSALS AND REDUCTIONS:**

**2016**

Space Type	Type of Action	Building Area/Acreage	Program	Planned Completion FY	Property ID	Planned UR	Telework Related (Y/N)
<i>Office</i>	<i>Termination</i>	<i>5,744 sf</i>	<i>PTO</i>	<i>FY 2016</i>	<i>TX0058DA</i>	<i>N</i>	<i>N</i>
<i>Office</i>	<i>Termination</i>	<i>7,957 sf</i>	<i>PTO</i>	<i>FY 2016</i>	<i>CA090100</i>	<i>N</i>	<i>N</i>
<i>Office</i>	<i>Termination</i>	<i>2,409 sf</i>	<i>PTO</i>	<i>FY 2016</i>	<i>TX0284DA</i>	<i>N</i>	<i>N</i>

**2017-21**

Space Type	Type of Action	Building Area/Acreage	Program	Planned Completion FY	Property ID	Planned UR	Telework Related (Y/N)
<i>None Planned</i>							

**DEFICIENCY REDUCTIONS:**

**2016**

Property ID	Title	Program	FY Completion	DM Reduction	TPC
<i>None Planned</i>					

**2017-2021**

Property ID	Title	Program	FY Completion	DM Reduction	TPC
<i>None Planned</i>					



## Exhibit E – Sustainability Funding Request

<i>Goal</i>	Type of Investment	Type of Alternative Finance	Intended Purpose/Use	Budget FY15 (\$K)	Budget FY16(\$K)	Budget FY17 (\$K)	Budget FY18 (\$K)	Budget FY19 (\$K)
<i>1. Greenhouse Gas Reduction – Scopes 1, 2, and 3</i>	1	1	5, 11	745	450	298	432	288
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
<i>2. High Performance Sustainable Buildings</i>	1	1	1	50	10	10	12	50
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
<i>3. Fleet Management</i>	1	N/A	N/A	0	0	0	0	0
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
<i>4. Water Use Efficiency and Management</i>	1	1	5, 11	0	0	0	0	0
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
<i>5. Pollution Prevention and Waste Elimination</i>	1	N/A	N/A	2	8	8	5	5
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
	1	N/A	N/A	0	0	0	0	0

<i>6. Sustainable Acquisition</i>	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
<i>7. Electronic Stewardship and Data Centers</i>	1	1	5, 11	0	0	0	0	0
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
<i>8. Renewable Energy</i>	1	1	13	9	5	6	9	9
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
<i>9. Climate Change Adaptation</i>	1	N/A	N/A	0	0	0	0	0
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0

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# APPENDICES

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## Appendix I- Multi-year Planning by Business Line and Cost Containment

Multi-year planning and budgeting requires an in-depth understanding of the USPTO's financial position, including cost drivers and revenue, unfunded liabilities, and political and economic realities as demonstrated by strategic plans, the patent production model, the trademark production model, and the fee projection model. These plans and models all look out over a five-year period. Specifically, the production work completed by the USPTO's employees generates future revenue essential for the Office to operate effectively and meet the needs of the American people. External influences that affect the productivity of our workforce and the demand for patent and trademark services and products have a significant impact on the Office's efforts to fulfill its mission.

The USPTO also provides five-year requirements and funding estimates in annual budget documents. Over the past few years, the USPTO has taken steps to establish and maintain an operating reserve to facilitate execution of multi-year plans. With fee setting authority, the USPTO continues to refine its multi-year planning and budgeting.

This planning framework is itself built upon several subsidiary frameworks:

- The FY 2017 Budget is based on the *USPTO 2014-2018 Strategic Plan*, and continues the long-term initiatives that were first identified in prior year budgets.
- The USPTO operating structure is similar to a business in that it receives requests for services (e.g., applications for patents and trademark registrations) and charges fees projected to cover the cost of performing all of the services it provides. Unlike a business, fees set for the initial application filing do not cover the cost of the services performed as many of the costs are incurred either before or after all the fees have been paid. Therefore, it is critical that USPTO take a long term view in projecting its budgetary requirements, which takes into consideration both the projected out year workload and the costs associated with processing that workload.
- The USPTO developed the current patent fee structure based on ABI cost models; historical cost analyses of activities supporting fees; fee analyses, such as cost-obligation-revenue comparisons and economic and elasticity analyses; and ad hoc fee/cost calculations and business case studies. The USPTO is committed to transparency, fulfilling requirements for comprehensive regulatory analyses (e.g., impact on small businesses), and engagement with the PPAC and other stakeholders. The USPTO set its patent fees in FY 2013 via participation in PPAC public hearings, publication of notices in the Federal Register and Official Gazette for public consideration, and solicitation of a review by the Congress.
- The USPTO implemented an adjusted trademark fee structure in January 2015 that is also based on ABI cost models; historical cost analyses of activities supporting fees; fee analyses, such as cost-obligation-revenue comparisons and economic and elasticity analyses; and ad hoc fee/cost calculations and business case studies. The USPTO solicited public input via a Federal Register notice and partnered with TPAC in the design of the reduced fees for applicants willing to file and communicate electronically with the Office. As with the current patent fee structure, the USPTO displayed commitment to

transparency, fulfilling requirements for comprehensive regulatory analyses, and engagement with the TPAC and other stakeholders.

- The USPTO conducted its biennial fee review of both patent and trademark fees, in accordance with the process described above, and is considering adjustments to both the patent and trademark fee schedules.

## OPERATING RESERVE

To continue promoting confidence in the U.S. IP system, the USPTO established and is maintaining a patent operating reserve and a trademark operating reserve, which are necessary to absorb and respond to temporary changes in the economy and USPTO's operating and financial environments. Research has shown that large fee-funded, business-like agencies without an operating reserve are at risk of cash flow stress, like that which the USPTO experienced in FY 2009 due to the economic recession, and FY 2010 through FY 2013 due to the delay in the authorization of spending authority for the fees collected primarily from patent applicants. FY 2014, which began with a majority of the federal government shut down as a result of a lapse in appropriations, also provided a compelling case for the operating reserves' significant value. While many government agencies were closed during this time, the USPTO received special consideration to remain open using funds available from the operating reserves. This allowed the USPTO to continue operations, thus preventing a significant degradation in services levels, such as patent and trademark pendency timeframes.

A sufficient operating reserve for each of the Patent and Trademark business lines is designed to provide the USPTO with time to continue at an adequate operating tempo during temporary periods of significant revenue and funding disruption; for example, maintaining long-term operational goals versus short-term crisis-based spending changes that could delay delivering on USPTO's performance commitments, particularly reducing the patent application backlog and pendencies, and maintaining trademark pendencies.

The USPTO recognizes that the optimal operating reserve sizes may change over time in comparison to targets. This could be due to economic volatility, changes to external and internal enterprise risk, or operational reasons. Therefore, as part of the annual budget formulation process, the USPTO reevaluates the optimal sizes of each operating reserve, and completes a comprehensive review of the balances. This includes conducting a comprehensive risk assessment with regard to any use of the operating reserve funds, including the potential short and long term impact on the reserve balances.

An existing healthy reserve for the Trademarks business over the past five years has been helpful by ensuring that normal fluctuations in fee collections, obligations, and timing of annual congressional spending authority have not disrupted operations. The reserve allowed the Trademark line of business to plan and execute on a longer timeframe despite short term funding uncertainties or shortfalls.

The more-recently established Patent operating reserve is designed to enable the USPTO to continue to support unplanned near-term stakeholder needs such as growth in application filings (the fees collected at application filing are designed to be less than the amount to examine applications). It provides sufficient capital to operate the growing Patent line of business when revenue stream and availability are uncertain; supplement annual patent fee collections when they fall short of estimates to preserve the planned operational capacity

necessary to deliver on performance goals; or provide additional resources when production requirements grow due to unexpected increases in application filings.

## **USPTO Fee Collection Estimates/Ranges**

As a fee-funded organization, the USPTO relies on user fee collections, which fluctuate based on various external and internal factors, to fund operations. Due to inherent variability in estimating future year fee collections, the USPTO presents a range of aggregate fee collections.

### ECONOMIC AND MARKET OUTLOOK

Requests for USPTO services and products are dependent upon many factors, including economic activity in the United States and around the world. The USPTO considers a number of economic factors and relevant indicators when forecasting its workloads (requests for services and products). Major factors include the overall condition of the U.S. and global economies, spending on technological innovation activities, and investments leading to the commercialization of new products and services. The most relevant indicator used by the USPTO is Real Gross Domestic Product (RGDP). RGDP is correlated with USPTO patent and/or trademark application filings, which are the key drivers of patent and trademark workloads. The factors mentioned above provide insight into market conditions and the management of IP portfolios, which influence process requests for the year, and post-issuance decisions to maintain patent and trademark protection.

RGDP, the broadest measure of economic activity, is anticipated to grow between two and three percent for FY 2016 and FY 2017 based on Congressional Budget Office (CBO) estimates. Considerable uncertainty remains regarding the current and near-future prospects for growth. This uncertainty affects anticipated USPTO workloads and fee collection estimates.

### DEVELOPING WORKLOAD AND FEE COLLECTION ESTIMATES

Economic activity is an important consideration when developing workload forecasts, primarily patent and trademark application filings. In addition to economic factors, the USPTO considers overseas activity, court decisions, policies and legislation, process efficiencies, and anticipated applicant behavior when preparing estimates. Estimates of incoming workload are independently developed after researching and modeling these elements, as economic and other variables influence patent and trademark activities differently. The estimates of these incoming patent and trademark application filings are very susceptible to variability in response to global economic fluctuations and shocks.

Estimates of workload production and examination and process requests are developed incorporating the realization of efforts of the *USPTO 2010-2015 Strategic Plan*, and are consistent with the strategies and objectives in the *USPTO 2014-2018 Strategic Plan*, identifying and implementing the efficiencies, tools, and policies necessary to increase examination capacity and improve efficiency. Estimates factor in the resources available to complete the work. Certain process actions are mandatory while others may be considered discretionary, such as when applicants purchase an extended response timeframe within which to respond to USPTO actions.



Forecasts of post allowance activities, maintenance of patents in force, and renewal of trademark registrations are developed using the same assumptions on the economic environment as incoming work. Decisions on continuation of exclusivity of post allowance rights are determined with careful management of IP portfolios incorporating current economic and market conditions. All workload estimates are consistently compared to past and current workloads, and projection models are regularly adjusted with additional data, knowledge, and experience. Workload estimates are then transformed into individual estimates for each of the approximately 475 fee codes on the USPTO fee schedule. Individual estimates, multiplied by the accompanying fee amounts, become the fee collections estimate. The FY 2017 estimates include assumptions of payment behavior based on the current patent and trademark fee schedules, as well as the proposed patent and trademark fee schedules as presented to the PPAC and TPAC in the fall of 2015.

Considering the inherent sensitivity and volatility of predicting fluctuations in the global and national economy and market environment, interpreting policy and process efficiencies, including the effects of IP related court decisions, adjusting the patent and trademark fee schedules, and developing workload and fee collection estimates from assumptions of these elements, the USPTO prepares a high-to-low range of fee collection estimates. A range estimate facilitates operational flexibilities necessary to efficiently manage within an acceptable level of uncertainty. As expected, the range for FY 2017 is fairly narrow and gradually increases in the out-years as uncertainty grows.

Patent Fee Collections. Patent fees cover patent related services and products occurring at different intervals within the patent application examination process and over the life of the pending patent application and granted patent. FY 2017 estimated patent fee collections include amounts expected to be received for applications filed in FY 2017, as well as work processed in FY 2017 (e.g., issues), examination and process requests for the year, and post-issuance decisions to maintain patent protection. More than half of all patent fee collections are from issue and maintenance fees. Changes in application filing levels have an immediate impact on current year fee collections because fewer patent application filings mean fewer fees collected in the current year, and it also has out year impacts because fewer applications filed decreases the total possible production outputs resulting in fewer issue and maintenance fee payments in future years.

Patent fee collections are estimated to be between \$2,753 and \$3,261 million for FY 2017 excluding \$18 million in other income. These projections are based on assumptions that patent filings will be between a negative growth rate of one and a half percent and a positive growth rate of six and a half percent, issues will reflect a continued commitment to strengthened examination capacity and efficiencies, and patent maintenance fee payments will continue with similar renewal rates.

Trademark Fee Collections. Trademark fees are paid in advance of actions taken by the USPTO. Estimated trademark fee collections include amounts expected to be paid for applications filed each year, as well as affidavit and renewal fees paid on registrations being renewed at six and ten year intervals. More than half of all fees collected for Trademark related services and products are from trademark application and related filings, which are correlated to the strength of the economy and individual businesses.

Trademark fee collections are estimated to be between \$284 and \$386 million for FY 2016 excluding \$4 million in other income based on the economic outlook and the expectations of the growth of trademark application filings.

## FEE RATE ASSUMPTIONS

In March 2013, with additional adjustments effective in January 2014, the USPTO adjusted the patent fee structure by regulation to better align fees with the cost of providing services using the fee setting authority provided in the AIA. Certain trademark fee adjustments, to lower the fees for all applicants willing to file and communicate electronically with the USPTO, were adjusted in January 2015.

The FY 2017 and out years fee collection estimates include the patent and trademark fee schedule adjustment proposals presented to the PPAC and TPAC in the fall of 2015. These proposals were the result of the USPTO's comprehensive biennial fee review. The USPTO will work with stakeholders and the PACs to adjust the fee structures by regulation to better align fees with the cost of providing services using the regulatory fee setting authority provided in the AIA. An improved fee schedule designed to provide the USPTO with sufficient financial resources and facilitate the effective administration of the U.S. IP system, and developed with a rigorous and transparent review process, is expected to be implemented during FY 2017.

Continued Assessment of Estimates. The USPTO monitors the economic environment carefully by following economic indicators and trends in international IP offices, and holding discussions with domestic filers of patent and trademark applications, as well as with the PPAC and the TPAC. The USPTO analyzes workloads and fees collected on a continual basis to assess current and future year estimates and identify trends and behaviors.

## USPTO COST CONTAINMENT

The FY 2017 Budget is based on a framework of continuous and comprehensive budget reviews designed to ensure that all operational and administrative costs are reviewed and funds are reallocated when necessary to focus on high-priority and effective programs – primarily core mission activities – and mitigate risk by retaining minimum operating reserve balances. In addition, the USPTO operates similarly to a business in that the Office makes a determined effort to monitor and adjust spending in response to changes in workload, income, and operating reserve balances. While these activities are carried out as regular parts of the budget execution and budget formulation processes, as background to the FY 2017 budget formulation process, major deviations from funding planned requirements are particularly notable:

- In FY 2009, when the USPTO experienced a precipitous drop in fee collections, the Office evaluated its activities, and made nearly \$200 million in short and long-term reductions. As the economy rebounded in FY 2010, fee collections increased beyond the amount appropriated and a \$129 million supplemental appropriation of fee collections was provided. The supplemental funding was requested to provide the USPTO additional spending authority in closer alignment with projected fee collections for the full fiscal year. Funds were used toward reducing the patent backlog by expanding the examiner workforce, and making that workforce more productive by improving processes, IT, and tools.
- In FY 2011, the Federal government operated under a continuing resolution and the Full-Year Continuing Appropriations Act did not include the USPTO's request for a 15 percent temporary increase on patent fees. The USPTO operated at a funding level that was

below requirements, and which necessitated approximately \$150 million of funding reallocations, deferments or reductions that included a freeze on hiring in virtually all levels of the USPTO, as well as changes to non-compensation requirements. These actions enabled the USPTO to operate within its FY 2011 appropriated level (note: refer to "Interim Adjustments to the *USPTO 2010-2015 Strategic Plan*" in the FY 2013 President's Budget).

- During FY 2012 and in response to reduced fee collections estimates resulting from expected FY 2012 fees paid (and unavailable) during FY 2011 in advance of the 15 percent surcharge included in the AIA, the USPTO undertook two cost reduction efforts which resulted in a combined budget reduction totaling \$190 million, primarily from a more temperate hiring schedule, deferring IT support and improvement efforts, and temporarily scaling back external agreements.
- In FY 2013, the USPTO was faced with two distinct circumstances that put pressure on the available resources for the Office. Patent fee revenue was collected below that originally planned in the FY 2013 President's Budget due to lower fee rates set in the new patent fee schedule and sequestration was implemented against total collections, which further aggravated the available resources in FY 2013. In response to lower than planned fee rates, the USPTO took action early in the fiscal year to reduce planned obligations by approximately \$45 million. After the fiscal mid-year, the Office identified another \$220 million in reductions and surplus resources that were realized from delivering a minimal hiring approach, deferral of major IT spending, and other significant cuts to discretionary projects.
- As previously noted, the USPTO was able to continue operations during the October 2013 Government-wide shut down because it received special consideration from the Office of Management and Budget (OMB) to continue operations using available operating reserves carried over from FY 2013. For the remainder of FY 2014, the USPTO followed a measured spending approach. Cost containment continued to be a focus of the Office, in alignment with stakeholder expectations and administration policy.
- The FY 2015 President's Budget assumed reprioritization of approximately \$15.5 million to other FY 2015 initiatives; the FY 2016 President's Budget assumed additional reprioritizations as shown in Exhibits 13; and the FY 2017 OMB Budget continues the reprioritization of resources to other initiatives.
- As documented in the Executive Summary, prior to completing the FY 2017 President's Budget, the USPTO's Financial Advisory Board (FAB) initiated a financial planning and budget prioritization effort to align spending plans with modified patent fee collection projections and to fund the patent and trademark operating reserves at fiscally prudent minimal levels.

## APPENDIX II – Two Way Split

Department of Commerce  
U.S. Patent and Trademark Office  
PATENT / TRADEMARK SPLIT PER TWO WAY BUSINESS LINE  
PROGRAM AND PERFORMANCE: TOTAL OBLIGATIONS  
(Dollar amounts in thousands)

Sub-Activity:	FY 2015			FY 2016			FY 2017		
	Total	Patents	Trademarks	Total	Patents	Trademarks	Total	Patents	Trademarks
Patent Examining	1,912,804	1,912,804		1,968,343	1,968,343		2,008,834	2,008,834	
Patent Trial and Appeals	65,864	65,864		85,267	85,267		93,273	93,273	
Patent Information Resources	213,407	213,407		188,620	188,620		161,978	161,978	
Trademark Examining	111,230		111,230	120,987		120,987	131,230		131,230
Trademark Appeals and <i>Inter Partes</i> Proceedings	11,878		11,878	13,635		13,635	14,575		14,575
Trademark Information Resources	60,890		60,890	45,338		45,338	41,469		41,469
Policy, External Affairs and Administrative Support	21,694	15,288	6,405	24,567	16,975	7,592	26,286	17,978	8,308
Global Intellectual Property Academy (GIPA)	2,294	1,638	656	3,219	2,298	921	3,647	2,604	1,043
IPR Attaché Program	12,027	5,425	6,602	12,215	5,509	6,705	12,697	5,727	6,970
IP PP&E Information Resources	984	626	359	342	218	125	360	229	131
Executive Direction and Communications	6,646	5,690	956	8,984	7,685	1,300	10,041	8,586	1,454
Financial Management Services	25,455	20,656	4,799	27,047	21,949	5,098	28,746	23,340	5,406
Human Resource Management and Administrative Services	44,586	40,428	4,159	45,750	41,494	4,256	49,173	44,600	4,574
Legal Services	21,836	18,616	3,220	25,580	21,731	3,849	25,507	21,659	3,847
Management Information Resources	62,511	52,886	9,625	53,745	45,445	8,299	41,069	34,749	6,320
IT Infrastructure and IT Support Services	356,581	270,142	86,438	377,612	305,568	72,043	350,738	283,898	66,841
Miscellaneous General Expense	245,400	221,137	24,264	229,989	207,680	22,309	244,234	220,491	23,744
<b>Total</b>	<b>3,176,085</b>	<b>2,844,605</b>	<b>331,481</b>	<b>3,231,240</b>	<b>2,918,784</b>	<b>312,456</b>	<b>3,243,855</b>	<b>2,927,944</b>	<b>315,911</b>

Department of Commerce  
U.S. Patent and Trademark Office  
PATENT / TRADEMARK SPLIT PER TWO WAY BUSINESS LINE  
PROGRAM AND PERFORMANCE: TOTAL OBLIGATIONS  
(Dollar amounts in thousands)

Sub-Activity:	FY2018			FY2019			FY2020			FY2021		
	Total	Patents	Trademarks	Total	Patents	Trademarks	Total	Patents	Trademarks	Total	Patents	Trademarks
Patent Examining	2,082,952	2,082,952		2,138,377	2,138,377		2,187,778	2,187,778		2,221,850	2,221,850	
Patent Trial and Appeals	98,546	98,546		101,151	101,151		101,204	101,204		99,995	99,995	
Patent Information Resources	172,293	172,293		171,812	171,812		171,867	171,867		172,529	172,529	
Trademark Examining	141,591		141,591	151,207		151,207	160,093		160,093	169,171		169,171
Trademark Appeals and <i>Inter Partes</i> Proceedings	15,043		15,043	15,529		15,529	16,027		16,027	16,536		16,536
Trademark Information Resources	52,290		52,290	51,437		51,437	52,250		52,250	52,642		52,642
Policy, External Affairs and Administrative Support	26,719	18,281	8,437	27,173	18,598	8,575	27,635	18,920	8,715	28,105	19,247	8,858
Global Intellectual Property Academy (GIPA)	3,706	2,646	1,060	3,769	2,691	1,078	3,833	2,736	1,096	3,898	2,783	1,115
IPR Attaché Program	12,924	5,829	7,094	13,178	5,944	7,234	13,437	6,061	7,376	13,702	6,180	7,522
IP PP&E Information Resources	1,105	703	403	1,105	702	402	1,108	704	403	1,113	708	406
Executive Direction and Communications	9,983	8,537	1,445	10,148	8,678	1,469	10,314	8,820	1,493	10,482	8,965	1,518
Financial Management Services	30,649	24,861	5,788	31,176	25,288	5,888	31,339	25,423	5,916	31,876	25,858	6,017
Human Resource Management and Administrative Services	50,622	45,912	4,710	51,485	46,695	4,790	52,362	47,491	4,872	53,256	48,301	4,955
Legal Services	26,459	22,519	3,940	26,895	22,890	4,005	27,338	23,268	4,070	27,789	23,652	4,137
Management Information Resources	50,696	43,014	7,682	51,816	43,961	7,855	50,381	42,694	7,687	53,018	44,965	8,053
IT Infrastructure and IT Support Services	392,893	317,930	74,963	368,808	298,526	70,281	366,333	296,552	69,781	390,437	316,014	74,423
Miscellaneous General Expense	297,724	268,089	29,636	299,519	269,806	29,713	303,025	273,041	29,984	309,969	279,339	30,630
<b>Total</b>	<b>3,466,196</b>	<b>3,112,113</b>	<b>354,083</b>	<b>3,514,583</b>	<b>3,155,119</b>	<b>359,464</b>	<b>3,576,325</b>	<b>3,206,560</b>	<b>369,765</b>	<b>3,656,368</b>	<b>3,270,386</b>	<b>385,982</b>

## APPENDIX III – USPTO 2014-2018 Strategic Plan

<i>GOAL I: OPTIMIZE PATENT QUALITY AND TIMELINESS</i>			
Objective 1: Refine Optimal Patent Pendency	Objective 2: Increase Efficiencies and Patent Examination Capacity to Align with the Optimal Patent Pendency	Objective 3: Increase International Cooperation and Work Sharing	Objective 4: Continue to Enhance Patent Quality
<ul style="list-style-type: none"> <li>A. Work with stakeholders to refine long-term pendency goals, while considering requirements of the intellectual property (IP) community</li> <li>B. Continue to refine patent pendency metrics throughout the examination process and provide increased transparency of those metrics</li> </ul>	<ul style="list-style-type: none"> <li>A. Hire/retain a nationwide workforce to meet pendency targets</li> <li>B. Develop and train an adaptable workforce to respond to emerging technologies, Office priorities, and the evolution of law</li> <li>C. Enhance compact prosecution initiatives</li> <li>D. Offer patent application prosecution options</li> </ul>	<ul style="list-style-type: none"> <li>A. Fully implement Cooperative Patent Classification (CPC)</li> <li>B. Leverage the Patent Cooperation Treaty (PCT) to effectively use the work completed at the international stage</li> <li>C. Maximize use of the Patent Prosecution Highway (PPH) to increase sharing and re-use of information between USPTO and its partner offices</li> <li>D. Implement the Global Dossier, which will improve examiner and external stakeholder access to work products of other IP offices to exploit the efficiencies that sharing search and examination results will provide</li> </ul>	<ul style="list-style-type: none"> <li>A. Evaluate and refine the measurement of patent quality data</li> <li>B. Maximize usage of patent quality data</li> <li>C. Evaluate effectiveness of changes to the count system and performance appraisal plans; make additional modifications as needed</li> <li>D. Continually improve and provide timely technical and legal training</li> </ul>

**GOAL I: OPTIMIZE PATENT QUALITY AND TIMELINESS**

Objective 5: Ensure Optimal Information Technology (IT) Service Delivery to All Users	Objective 6: Continue and Enhance Stakeholder and Public Outreach	Objective 7: Maintain the Patent Trial and Appeal Board's (PTAB) Ability to Provide Timely and High Quality Decisions
<ul style="list-style-type: none"> <li>A. Stabilize the Patent Application Location Monitoring (PALM) and other legacy IT systems</li> <li>B. Redesign and re-architect current patent IT systems to provide end-to-end electronic processing</li> <li>C. Increase the acceptance, creation, and publication of standardized, structured, and searchable patent data and documents</li> <li>D. Upgrade search systems</li> <li>E. Identify IT opportunities with other IP offices to invoke work sharing efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>A. Expand stakeholder awareness of the various support resources for users</li> <li>B. Continue facilitating the growth of the patent pro bono program</li> <li>C. Expand technology-specific and topic-specific partnerships</li> <li>D. Expand outreach related to CPC</li> <li>E. Increase awareness and transparency of patent information, and patent application and ownership information</li> <li>F. Engage stakeholders to advance the implementation of the <i>Leahy-Smith American Invents Act (AIA)</i> and explore opportunities for further reforms by the Office</li> </ul>	<ul style="list-style-type: none"> <li>A. Define optimal pendencies for PTAB proceedings</li> <li>B. Hire/retain an adaptable nationwide PTAB workforce, including management staff, to meet pendency and quality targets</li> <li>C. Develop an automated tool for centralizing the collection, retrieval, and sharing of operational data</li> <li>D. Ensure consistency in PTAB decisions</li> <li>E. Expand outreach to stakeholders by providing opportunities for interaction and updates on PTAB operations and other important issues</li> </ul>

<b>GOAL II: OPTIMIZE TRADEMARK QUALITY AND TIMELINESS</b>				
<b>Objective 1: Maintain Trademark First Action Pendency on Average Between 2.5-3.5 Months with 12 Months Final Pendency</b>	<b>Objective 2: Maintain High Trademark Quality</b>	<b>Objective 3: Ensure Optimal IT Service Delivery to All Users</b>	<b>Objective 4: Continue and Enhance Stakeholder and Public Outreach</b>	<b>Objective 5: Enhance Operations of the Trademark Trial and Appeal Board (TTAB)</b>
<ul style="list-style-type: none"> <li>A. Align examination capacity with incoming workloads</li> <li>B. Continue to define and validate optimal pendencies</li> <li>C. Work with stakeholders to develop long term pendency goals that increase examination efficiency, maintain an optimal pendency level, and meet the expectations of the IP community</li> </ul>	<ul style="list-style-type: none"> <li>A. Continually maintain and improve quality measurements by: continually evaluating examination quality; providing targeted training to address quality issues; and providing legal training and education</li> </ul>	<ul style="list-style-type: none"> <li>A. Modernize IT systems by developing and implementing the Trademark Next Generation (TMNG) IT system to create full electronic workflow, and state-of-the-art IT resources for external and internal users</li> <li>B. Continue to provide optimal service on legacy systems to employees and public users</li> </ul>	<ul style="list-style-type: none"> <li>A. Expand outreach to stakeholders by providing opportunities for interaction and updates on Trademark operations and other important issues</li> <li>B. Assist in providing access to pro bono trademark legal services through USPTO's law school clinic program</li> <li>C. Encourage use of the Federal registration system for trademark owners who are unfamiliar with the application and registration maintenance processes</li> <li>D. Engage stakeholders to ensure integrity of the register</li> </ul>	<ul style="list-style-type: none"> <li>A. Develop consistent pendency measures and reduce overall pendency for appeal and trial cases</li> <li>B. Enhance quality of TTAB orders and opinions, and contribute to development of the law through issuance of precedential decisions</li> <li>C. Expand outreach to stakeholders by providing opportunities for interaction and updates on TTAB operations and other important issues</li> </ul>



**GOAL III: PROVIDE DOMESTIC AND GLOBAL LEADERSHIP TO IMPROVE INTELLECTUAL PROPERTY POLICY, PROTECTION AND ENFORCEMENT WORLDWIDE**

Objective 1: Provide Leadership and Education on IP Policy and Awareness	Objective 2: Provide Leadership and Education on International Agreements and Policies for Improving the Protection, and Enforcement of IP Rights
<ul style="list-style-type: none"> <li>A. Provide policy formulation and guidance on key IP issues in all fields of IP protection and enforcement</li> <li>B. Engage other U.S. Government agencies and Congress on legislation that improves the IP system</li> <li>C. Lead domestic and international copyright initiatives and policy development for the administration</li> <li>D. Provide domestic education outreach at all levels, including through distance learning, knowledge enhancement and capacity building</li> <li>E. Leverage technology to increase domestic and international education, training and outreach at all levels</li> <li>F. Expand knowledge of the domestic and international IP landscape and public impacts of IP through empirical research and fact-finding</li> </ul>	<ul style="list-style-type: none"> <li>A. Lead administration efforts at the World Intellectual Property Organization (WIPO) and other international fora to improve IP protection and enforcement, and to further efficiency and cooperation in the global IP system</li> <li>B. Prioritize countries of interest for purposes of improved IP protection and enforcement, capacity building, and legislative reform, including creation of country/region strategic plans and specific action plans</li> <li>C. Provide technical expertise in the negotiation and implementation of bilateral and multilateral agreements that improve IP rights protection and enforcement</li> <li>D. Support and advise the administration in leading and negotiating the IP aspects of free trade agreements</li> <li>E. As appropriate, work jointly with Congress on matters that pertain to international agreements</li> <li>F. Work jointly with the administration to improve IP protection and enforcement in China</li> </ul>

**MANAGEMENT GOAL: ACHIEVE ORGANIZATIONAL EXCELLENCE**

Objective 1: Leverage IT Investments to Achieve Business Results	Objective 2: Continue to Build and Maintain a Flexible, Diverse, and Engaged Workforce	Objective 3: Enhance Internal and External Relations	Objective 4: Secure Sustainable Funding to Deliver Value to Fee Paying Customers and the Public	Objective 5: Establish Regional Offices and a Regional Presence
<ul style="list-style-type: none"> <li>A. Leverage IT to improve internal and external collaboration and information sharing</li> <li>B. Enhance the internal and external user experience; for example, by developing user-driven products, including those accessible in a mobile environment</li> <li>C. Evolve and improve IT infrastructure and services</li> <li>D. Continue to provide cost-effective, transparent operations, processes, and information</li> <li>E. Deliver cost-effective and seamless next generation IT solutions; including, integrations of Patent End-to-End (PE2E), Trademark Next Generation (TMNG), and Fee Processing Next Generation (FPNG)</li> </ul>	<ul style="list-style-type: none"> <li>A. Continue to enhance our telework environment by expanding telework opportunities and developing skill sets specific to managing in a telework environment</li> <li>B. Implement programs aimed at enhancing employee engagement, and ensuring the nationwide workforce stays integrated with the corporate culture</li> <li>C. Promote learning and job opportunities for all levels of employees</li> <li>D. Enhance recruitment and hiring efforts to help sustain and develop a highly-qualified, and diverse workforce, including the senior team</li> <li>E. Continue to foster and enhance a strong labor-management relationships</li> <li>F. Continue to build collaborative relationships with our affinity groups</li> </ul>	<ul style="list-style-type: none"> <li>A. Improve information and communication channels</li> <li>B. Strengthen relationships with the Department of Commerce (DOC), the Office of Management and Budget (OMB), other Federal agencies, and Congress</li> <li>C. Promote a culture across USPTO of outstanding customer service for both internal and external customers</li> <li>D. Streamline stakeholder access to USPTO services and programs</li> <li>E. Increase stakeholder partnerships and collaborations</li> <li>F. Support Government-wide efforts to promote Science, Technology, Engineering, and Mathematics (STEM) education initiatives</li> </ul>	<ul style="list-style-type: none"> <li>A. Ensure spending authority to use all fee collections</li> <li>B. Make the USPTO fee setting authority permanent</li> <li>C. Continuously optimize the fee structure</li> <li>D. Continue identifying, obtaining and implementing private sector business tools</li> <li>E. Maximize cost efficiency and transparency</li> </ul>	<ul style="list-style-type: none"> <li>A. Finalize permanent presence in regional office regions</li> <li>B. Further develop regional cooperative opportunities</li> </ul>

## **Appendix IV- Interim Adjustments to the USPTO 2014-2108 Strategic Plan U. S. Patent and Trademark Office**

In 2014, the USPTO submitted the *USPTO 2014-2108 Strategic Plan* to the Congress in conjunction with the President's Budget for FY 2015. Since that time, the USPTO has made significant progress in achieving the goals and objectives in the strategic plan. In one instance, this progress is resulting in a modification, as follows:

### **Management Goal: Achieve Organizational Excellence**

#### **Objective 5: Establish Satellite Offices and a Regional Presence**

The USPTO has four satellite offices around the country, which will now be referred to as Regional offices. The USPTO opened the Elijah J. McCoy Regional Office in Detroit, Michigan in FY 2012 and the Rocky Mountain Regional Office in Denver in June 2014. The permanent West Coast Regional Office in Silicon Valley, and the Texas Regional Office in Dallas opened in 2015.

The term "Regional Offices" (versus Satellite Offices) when discussing the offices in Detroit, Denver, San Jose/Silicon Valley, and Dallas is reflective of the expanded roles these offices have assumed throughout their respective regions, primarily their outreach and education roles.

The USPTO regional offices help protect American innovation and competitiveness. The Office is dedicated to providing services to entrepreneurs, inventors, and small businesses, while actively engaging communities and local industries.

Accordingly, Management Objective #5 will be changed to read: Establish Regional Offices and a Regional Presence.

### **Goal I: Optimize Patent Quality and Timeliness**

#### **Objective 3: Increase International Cooperation and Work Sharing**

##### **Initiative C: Maximize the use of the Patent Prosecution Highway (PPH) to increase sharing and re-use of information between USPTO and its partner offices**

The USPTO recently signed work sharing agreements with the Korean Intellectual Property and with the Japan Patent Office (JPO). These work sharing agreements are part of a new Collaboration Search Pilot (CSP) program that will allow the USPTO to share search information prior to a first office action. The CSP is designed to provide patent applicants with

the best prior art by combining the search expertise of each office before examination of the patent application begins. This will enhance compact prosecution and improve patent quality.

In light of the expansion of the USPTO's work sharing efforts, it is necessary to broaden the scope of this initiative to reflect the progress made. Accordingly, Goal I, Objective #3, Initiative C will be changed to read: Maximize the use of international work sharing to increase sharing and re-use of information between USPTO and its partner offices.

## Appendix V – USPTO Fee Collections: Estimates and Assumptions

USPTO Fee Collections							
Estimates and Assumptions							
	FY 2015	FY 2016			FY 2017		
(Dollars in Millions)	Actual	Revised Low Estimate	Revised Working Estimate	Revised High Estimate	President's Budget Low Estimate	President's Budget Working Estimate	President's Budget High Estimate
Date of Projection	October 2015	February 2016	February 2016	February 2016	February 2016	February 2016	February 2016
<b>Total USPTO Fee Collections</b>	<b>\$3,006</b>	<b>\$2,860</b>	<b>\$3,089</b>	<b>\$3,333</b>	<b>\$3,037</b>	<b>\$3,321</b>	<b>\$3,647</b>
Total Patent Fee Collections	\$2,733	\$2,606	\$2,802	\$3,014	\$2,753	\$2,986	\$3,261
Total Trademark Fee Collections	\$273	\$254	\$287	\$319	\$284	\$335	\$386
Major Patent Fee Collections:							
Filing (with Excess Claims)	\$812	\$779	\$807	\$857	\$795	\$859	\$963
Post Allowance	\$267	\$248	\$274	\$300	\$258	\$285	\$312
Maintenance	\$1,188	\$1,120	\$1,242	\$1,363	\$1,176	\$1,300	\$1,423
PCT	\$180	\$185	\$185	\$185	\$197	\$198	\$198
Extensions of Time	\$144	\$135	\$145	\$153	\$137	\$147	\$157
Other	\$142	\$140	\$150	\$156	\$189	\$198	\$208
<b>Assumptions Used to Develop Fee Collection Estimates</b>							
Filing Growth Rates:	Patent filings growth rate -0.3% (580,327 UPR filings, 168,594 RCEs). Trademark filings growth rate 10.7% (503,889 filings).	Filings growth rate -2.0% (568,720 UPR filings, 165,222 RCEs). Trademark filings growth rate 0.0% (503,889 filings). These filing rates are based on estimates of slowed patent demand and slowed global economic growth.	Patent filings growth rate 1.0% (586,130 UPR filings, 170,280 RCEs). Trademark filings growth rate 7.0% (539,000 filings). These filing rates are based on estimates of continued economic growth.	Patent filings growth rate 6.0% (615,147 UPR filings, 178,710 RCEs). Trademark filings growth rate 13.5% (571,760 filings). These filing rates are based on high estimates of continued economic growth.	Patent filings growth rate -1.5% (560,190 UPR filings, 154,341 RCEs). Trademark filings growth rate 0.0% (503,889 filings). These filing rates are based on estimates of slowed patent demand and slowed global economic growth.	Patent filings growth rate 1.5% (594,922 UPR filings, 163,910 RCEs). Trademark filings growth rate 7.4% (579,000 filings). These filing rates are based on estimates of continued economic growth.	Patent filings growth rate 6.5% (655,131 UPR filings, 180,499 RCEs). Trademark filings growth rate 15.3% (659,218 filings). These filing rates are based on high estimates of continued economic growth.
Patent Issue:	Patents printed of 298,375	Patents printed of 276,107 based on conservative estimates of increased patent examination production efficiencies.	Patents printed of 306,785 based on moderate estimates of increased patent examination production efficiencies.	Patents printed of 337,464 based on high estimates of increased patent examination production efficiencies.	Patents printed of 276,426 based on conservative estimates of increased patent examination production efficiencies.	Patents printed of 307,140 based on moderate estimates of increased patent examination production efficiencies.	Patents printed of 337,853 based on high estimates of increased patent examination production efficiencies.
Patent Maintenance (Post Renewal):	Renewal Rates: 86.9% first stage, 79.6% second stage, 74.8% third stage	Renewal rates: 83.0% first stage, 75.0% second stage, 65.4% third stage due to conservative estimates of continued economic growth and patent demand.	Renewal rates: 86.6% first stage, 78.7% second stage, 72.4% third stage due to moderate estimates of continued economic growth and patent demand.	Renewal rates: 90.3% first stage, 82.5% second stage, 79.4% third stage due to high estimates of continued economic growth and patent demand.	Renewal rates: 83.0% first stage, 75.0% second stage, 65.4% third stage due to conservative estimates of continued economic growth and patent demand.	Renewal rates: 86.6% first stage, 78.7% second stage, 72.4% third stage due to moderate estimates of continued economic growth and patent demand.	Renewal rates: 90.3% first stage, 82.5% second stage, 79.4% third stage due to high estimates of continued economic growth and patent demand.
Enhanced Examination Timing Assumptions:	Track 1 filings: 9,285 filings	Track 1 filings: 8,000 filings	Track 1 filings: 9,000 filings	Track 1 filings: 10,000 filings	Track 1 filings: 5,000 filings	Track 1 filings: 7,000 filings	Track 1 filings: 9,000 filings
Patent Fee Adjustments:	N/A				Fee rates based on proposal to PPAC (November 2015) Proposed Patent fee rates effective FY 2017	Fee rates based on proposal to PPAC (November 2015) Proposed Patent fee rates effective FY 2017	Fee rates based on proposal to PPAC (November 2015) Proposed Patent fee rates effective FY 2017
Trademark Fee Adjustments:	New Trademark fee rates for filing and renewals implemented January 2015.				Fee rates based on proposal to TPAC (October 2015) Proposed Trademark fee rates effective FY 2017	Fee rates based on proposal to TPAC (October 2015) Proposed Trademark fee rates effective FY 2017	Fee rates based on proposal to TPAC (October 2015) Proposed Trademark fee rates effective FY 2017

## Appendix VI – USPTO Fee Collections: FY 2015 Estimated and Actual Fee Collections and Assumptions

<i>(Dollars in Millions)</i>	FY 2014	FY 2015				
	Actual	President's Budget	Revised Working Estimate	Revised Low Estimate	Revised High Estimate	Actual
Date of Projection	October 2014	February 2014	February 2015	February 2015	February 2015	October 2015
<b>Total USPTO Fee Collections</b>	<b>\$3,171</b>	<b>\$3,441</b>	<b>\$2,971</b>	<b>\$3,142</b>	<b>\$3,271</b>	<b>\$3,006</b>
Total Patent Fee Collections	\$2,895	\$3,178	\$2,708	\$2,869	\$2,990	\$2,733
Total Trademark Fee Collections	\$276	\$264	\$263	\$273	\$280	\$273
Major Patent Fee Collections:						
Filing (with Excess Claims)	\$829	\$937	\$771	\$851	\$860	\$812
Post Allowance Fees	\$322	\$280	\$258	\$271	\$284	\$267
Maintenance	\$1,248	\$1,426	\$1,201	\$1,258	\$1,346	\$1,188
PCT	\$176	\$187	\$179	\$179	\$179	\$180
Extensions of Time	\$151	\$185	\$142	\$149	\$157	\$144
Other	\$170	\$164	\$157	\$161	\$165	\$142
<b>Assumptions Used to Develop Fee Collection Estimates</b>						
Filing Growth Rates:	Patent filings growth rate 2.8% (582,203 UPR filings, 175,066 RCEs). Trademark filings growth rate 4.9% (455,000 filings).	Filings growth rate 6.0% (639,304 UPR filings, 184,120 RCEs). Trademark filings growth rate 5.7% (481,000 filings). These filing rates are based on moderate estimates of continued economic growth.	Patent filings growth rate - 5.0% (553,093 UPR filings, 165,928 RCEs). Trademark filings growth rate -1.6% (447,900 filings). These filing rates are based on estimates of slowed patent demand and slowed global economic growth.	Patent filings growth rate 3.0% (599,669 UPR filings, 179,987 RCEs). Trademark filings growth rate 6.2% (483,000 filings). These filing rates are based on estimates of continued economic growth.	Patent filings growth rate 4.0% (605,491 UPR filings, 181,734 RCEs). Trademark filings growth rate 8.6% (494,000 filings). These filing rates are based on high estimates of continued economic growth.	Patent filings growth rate -0.3% (580,327 UPR filings, 168,594 RCEs). Trademark filings growth rate 10.7% (503,889 filings).
Filing Growth Rates Trends:	Patent filings increased 2.8% in FY 2014, with 30.0% of the total requests for continued examinations (RCEs). In the FY 2015 President's Budget it was assumed there would be 6.0% growth in patent filings, and that RCEs would only comprise 28.8%. The actual growth rate came in lower than estimated at -0.3% with a decrease to both serialized filings and RCEs. Patent filings are expected to grow slowly over the next two fiscal years. Trademark filings grew 4.9% in FY 2014. FY 2015 Trademark filings were estimated at 5.7% growth in the President's Budget and were revised to 6.2%. The actual growth rate came in even higher than the revised estimated growth rate at 10.7%. Growth is expected to continue in FY 2016 and FY 2017.					
Patent Issue:	Patents printed of 306,500	Patents printed of 312,471 based on moderate estimates of increased patent examination production efficiencies.	Patents printed of 291,212 based on conservative estimates of increased patent examination production efficiencies.	Patents printed of 306,539 based on moderate estimates of increased patent examination production efficiencies.	Patents printed of 321,866 based on high estimates of increased patent examination production efficiencies.	Patents printed of 298,375

**USPTO Fee Collections**  
**FY2014 Estimated and Actual Fees and Assumptions (continued)**

Patent Issue Trends:	Patents printed is a process and resource driven workload. The FY 2015 President's Budget levels reflected the strong FY 2013 numbers, an increased allowance rate, and even showed the expectation of increased issues. The number of patents printed actually decreased from FY 2014 to FY 2015 by 2.7% mostly due to the decrease in RCE backlog. The USPTO expects strong production levels with will lead to growth in the number of issued patents in FY 2016 and FY 2017.					
Patent Maintenance (Post Renewal):	Renewal rates: 87.0% first stage, 80.2% second stage and 75.0% third stage	Renewal rates: 87.4% first stage, 78.6% second stage and 74.0% third stage due to moderate estimates of continued economic growth and patent demand.	Renewal rates: 82.0% first stage, 75.0% second stage and 71.0% third stage due to conservative estimates of continued economic growth and patent demand.	Renewal rates: 87.0% first stage, 80.2% second stage and 75.0% third stage due to moderate estimates of continued economic growth and patent demand.	Renewal rates: 92.0% first stage, 85.0% second stage and 79.0% third stage due to high estimates of continued economic growth and patent demand.	Renewal Rates: 86.9% first stage, 79.6% second stage, 74.8% third stage
Patent Maintenance (Post Renewal) Trends:	Renewal rates in FY 2014 were consistent with FY 2013 renewal rates. The estimates of renewal rates in the FY 2015 President's budget were based on continued moderate economic growth. During the FY 2016 budget process, the estimates for FY 2015 were updated, which resulted in a slight decrease in projected first stage renewal rates and an increase to projected second and third stage renewal rates. Actual FY 2015 renewal rates came in very close to the revised estimate. It is expected that FY 2016 and FY 2017 renewal rates will be slightly lower than FY 2015 actuals.					
Fee Adjustments:	1/1/2014 implementation of Issue/PG pub and PCT international fees fee changes. Implementation of Patent Law Treaty changes, including minor fee rate and workload changes.	New Trademark fee rates for filing and renewals.	New Trademark fee rates for filing and renewals. A January 17, 2015 implementation is assumed.	New Trademark fee rates for filing and renewals. A January 17, 2015 implementation is assumed.	New Trademark fee rates for filing and renewals. New fee rate implementation assumed mid-year of FY 2015.	New Trademark fee rates for filing and renewals implemented January 2015.

## Appendix VII – USPTO FY 2015 Fee Collections Report

Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
<b>Patent Fee Summary:</b>				
	Patent Application Filing Fees		\$ 936,706,890	\$ 812,167,250
	Patent Post-Allowance Fees		\$ 278,536,117	\$ 266,635,728
	Patent Maintenance Fees		\$ 1,425,737,988	\$ 1,187,982,817
	Patent Extension of Time Fees		\$ 184,775,650	\$ 143,949,727
	Patent Trial and Appeal Fees		\$ 91,552,600	\$ 76,864,945
	Patent Post Issuance Fees		\$ 17,127,020	\$ 12,800,191
	Patent Cooperation Treaty (PCT) Fees		\$ 186,490,098	\$ 180,473,796
	Hague International Design Application Fees		\$ -	\$ 110,200
	Patent Petition Fees		\$ 16,749,545	\$ 16,925,590
	Patent Service Fees		\$ 9,456,090	\$ 4,443,433
	Miscellaneous Patent Fees		\$ 29,299,405	\$ 29,901,263
	Patent Enrollment Fees		\$ 1,183,013	\$ 928,655
	Finance Service Fees		\$ 106,527	\$ 131,019
<b>Total Patent Fees</b>			<b>\$ 3,177,720,943</b>	<b>\$ 2,733,314,614</b>
<b>Trademark Fee Summary:</b>				
	Application Filings		\$ 138,367,221	\$ 144,915,640
	Maintaining Exclusive Rights		\$ 61,489,200	\$ 63,757,100
	Intent to Use/Use Fees		\$ 47,898,700	\$ 45,524,050
	Madrid Protocol Fees		\$ 2,137,650	\$ 2,574,350
	Trademark Trial and Appeal Board		\$ 3,873,395	\$ 3,695,500
	Other Trademark Fees		\$ 7,493,418	\$ 10,079,286
	Trademark Processing Fees		\$ 2,466,500	\$ 2,078,500
	Finance Service Fees		\$ 11,041	\$ 13,071
<b>Total Trademark Fees</b>			<b>\$ 263,737,125</b>	<b>\$ 272,637,497</b>
<b>Total USPTO Fees</b>			<b>\$ 3,441,458,067</b>	<b>\$ 3,005,952,110</b>
<b>Patents</b>				
<b>Patent Filing Fees (Large Entity):</b>				
1011	Basic filing fee - Utility (electronic filing)	\$ 280	\$ 71,827,840	\$ 62,770,581
1012	Basic filing fee - Design	\$ 180	\$ 3,177,720	\$ 3,195,525
1013	Basic filing fee - Plant	\$ 180	\$ 94,860	\$ 75,240
1014	Basic filing fee - Reissue	\$ 280	\$ 162,400	\$ 200,760
1017	Basic filing fee - Design (CPA)	\$ 180	\$ 98,280	\$ 92,700
1019	Basic filing fee - Reissue (CPA)	\$ 280	\$ -	\$ 840
1005	Provisional application filing fee	\$ 260	\$ 19,434,480	\$ 15,509,001
1111	Utility Search Fee	\$ 600	\$ 153,469,800	\$ 133,704,410
1112	Design Search Fee	\$ 120	\$ 2,118,480	\$ 2,172,480
1113	Plant Search Fee	\$ 380	\$ 200,260	\$ 158,460
1114	Reissue Search Fee	\$ 600	\$ 348,000	\$ 428,400
1311	Utility Examination Fee	\$ 720	\$ 186,143,040	\$ 161,177,730
1312	Design Examination Fee	\$ 460	\$ 8,120,840	\$ 8,338,400



Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
1313	Plant Examination Fee	\$ 580	\$ 305,660	\$ 242,440
1314	Reissue Examination Fee	\$ 2,160	\$ 1,252,800	\$ 1,546,560
1051	Surcharge - Late filing fee, search fee, examination fee or oath or declaration, or application filed without at least one claim or by reference	\$ 140	\$ 17,761,380	\$ 13,233,050
1052	Surcharge - Late provisional filing fee or cover sheet	\$ 60	\$ 185,640	\$ 114,610
1201	Independent claims in excess of three	\$ 420	\$ 45,608,640	\$ 28,830,320
1202	Claims in excess of 20	\$ 80	\$ 54,755,120	\$ 34,998,064
1203	Multiple dependent claim	\$ 780	\$ 2,044,380	\$ 1,204,540
1204	Reissue independent claims in excess of three	\$ 420	\$ 383,040	\$ 431,760
1205	Reissue claims in excess of 20	\$ 80	\$ 422,400	\$ 530,640
1081	Utility Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 400	\$ 4,613,200	\$ 4,509,780
1082	Design Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 400	\$ 40,400	\$ 32,800
1083	Plant Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 400	\$ -	\$ 5,200
1084	Reissue Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 400	\$ 10,000	\$ 7,600
1085	Provisional Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 400	\$ 1,910,000	\$ 1,756,000
1053	Non-English translation	\$ 140	\$ 654,500	\$ 223,580
1817	Request for prioritized examination	\$ 4,000	\$ 11,200,000	\$ 14,812,800
1801	Request for continued examination (RCE) - 1st request (see 37 CFR 1.114)	\$ 1,200	\$ 130,201,200	\$ 106,123,080
1820	Request for continued examination (RCE) - 2nd and subsequent request (see 37 CFR 1.114)	\$ 1,700	\$ 72,554,300	\$ 80,891,100
<b>Total Patent Filing Fees (Large Entity)</b>			<b>\$ 789,098,660</b>	<b>\$ 677,318,451</b>
<b>Patent Filing Fees (Small Entity):</b>				
2011	Basic filing fee - Utility (paper filing – also requires non-electronic filing fee under 1.16(t))	\$ 140	\$ 1,212,120	\$ 148,789
4011	Basic filing fee - Utility (electronic filing)	\$ 70	\$ 5,743,640	\$ 5,447,040
2012	Basic filing fee - Design	\$ 90	\$ 1,301,940	\$ 1,293,065
2013	Basic filing fee - Plant	\$ 90	\$ 46,890	\$ 57,150
2014	Basic filing fee - Reissue	\$ 140	\$ 21,840	\$ 29,400
2017	Basic filing fee - Design (CPA)	\$ 90	\$ 47,790	\$ 20,700
2019	Basic filing fee - Reissue (CPA)	\$ 140	\$ -	\$ 420
2005	Provisional application filing fee	\$ 130	\$ 11,252,670	\$ 9,562,010
2111	Utility Search Fee	\$ 300	\$ 26,787,300	\$ 23,448,140
2112	Design Search Fee	\$ 60	\$ 867,960	\$ 867,190
2113	Plant Search Fee	\$ 190	\$ 98,990	\$ 120,840
2114	Reissue Search Fee	\$ 300	\$ 46,800	\$ 63,000
2311	Utility Examination Fee	\$ 360	\$ 32,122,440	\$ 28,219,335
2312	Design Examination Fee	\$ 230	\$ 3,327,180	\$ 3,331,110
2313	Plant Examination Fee	\$ 290	\$ 151,090	\$ 183,860
2314	Reissue Examination Fee	\$ 1,080	\$ 168,480	\$ 226,800
2051	Surcharge - Late filing fee, search fee, examination fee or oath or declaration, or application filed without at least one claim or by reference	\$ 70	\$ 2,884,420	\$ 2,818,445

Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
2052	Surcharge - Late provisional filing fee or cover sheet	\$ 30	\$ 104,640	\$ 90,450
2201	Independent claims in excess of three	\$ 210	\$ 6,911,730	\$ 5,234,320
2202	Claims in excess of 20	\$ 40	\$ 11,862,920	\$ 9,022,869
2203	Multiple dependent claim	\$ 390	\$ 457,080	\$ 331,670
2204	Reissue independent claims in excess of three	\$ 210	\$ 49,560	\$ 37,170
2205	Reissue claims in excess of 20	\$ 40	\$ 48,760	\$ 71,400
2081	Utility Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 200	\$ 1,181,200	\$ 1,142,360
2082	Design Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 200	\$ 3,600	\$ 4,400
2083	Plant Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 200	\$ -	\$ -
2084	Reissue Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 200	\$ -	\$ 600
2085	Provisional Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 200	\$ 910,800	\$ 925,400
2053	Non-English translation	\$ 70	\$ 70,420	\$ 32,830
2817	Request for prioritized examination	\$ 2,000	\$ 7,560,000	\$ 9,104,000
2801	Request for continued examination (RCE) - 1st request (see 37 CFR 1.114)	\$ 600	\$ 14,529,000	\$ 13,500,930
2820	Request for continued examination (RCE) - 2nd and subsequent request (see 37 CFR 1.114)	\$ 850	\$ 5,978,050	\$ 8,390,350
<b>Total Patent Filing Fee (Small Entity)</b>			<b>135,749,310</b>	<b>123,726,043</b>
3011	Basic filing fee - Utility (electronic filing)	\$ 70	\$ 1,120,560	\$ 1,104,305
3012	Basic filing fee - Design	\$ 45	\$ 162,765	\$ 173,520
3013	Basic filing fee - Plant	\$ 45	\$ 1,215	\$ 180
3014	Basic filing fee - Reissue	\$ 70	\$ 1,190	\$ 700
3017	Basic filing fee - Design (CPA)	\$ 45	\$ 1,260	\$ 1,170
3019	Basic filing fee - Reissue (CPA)	\$ 70	\$ -	\$ -
3005	Provisional application filing fee	\$ 65	\$ 2,411,305	\$ 2,086,796
3111	Utility Search Fee	\$ 150	\$ 2,363,550	\$ 2,329,500
3112	Design Search Fee	\$ 30	\$ 108,510	\$ 114,150
3113	Plant Search Fee	\$ 95	\$ 2,565	\$ 380
3114	Reissue Search Fee	\$ 150	\$ 2,550	\$ 1,350
3311	Utility Examination Fee	\$ 180	\$ 2,834,280	\$ 2,805,300
3312	Design Examination Fee	\$ 115	\$ 415,955	\$ 437,920
3313	Plant Examination Fee	\$ 145	\$ 3,915	\$ 580
3314	Reissue Examination Fee	\$ 540	\$ 9,180	\$ 4,320
3051	Surcharge - Late filing fee, search fee, examination fee or oath or declaration, or application filed without at least one claim or by reference	\$ 35	\$ 160,230	\$ 162,960
3052	Surcharge - Late provisional filing fee or cover sheet	\$ 15	\$ 17,445	\$ 46,335
3201	Independent claims in excess of three	\$ 105	\$ 383,985	\$ 215,460
3202	Claims in excess of 20	\$ 20	\$ 312,180	\$ 292,620
3203	Multiple dependent claim	\$ 195	\$ 25,350	\$ 20,085
3204	Reissue independent claims in excess of three	\$ 105	\$ 1,260	\$ 1,470
3205	Reissue claims in excess of 20	\$ 20	\$ 2,700	\$ 1,600
3081	Utility Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 100	\$ 31,100	\$ 13,000
3082	Design Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 100	\$ 100	\$ 300
3083	Plant Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 100	\$ -	\$ -
3084	Reissue Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 100	\$ -	\$ -
3085	Provisional Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 100	\$ 50,600	\$ 12,300
3053	Non-English translation	\$ 35	\$ 3,920	\$ 630

Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
3817	Request for prioritized examination	\$ 1,000	\$ 420,000	\$ 584,000
3801	Request for continued examination (RCE) - 1st request (see 37 CFR 1.114)	\$ 300	\$ 801,300	\$ 509,100
3820	Request for continued examination (RCE) - 2nd and subsequent request (see 37 CFR 1.114)	\$ 425	\$ 209,950	\$ 202,725
<b>Total Patent Filing Fee (Micro Entity)</b>			<b>\$ 11,858,920</b>	<b>\$ 11,122,756</b>
<b>Total Patent Application Filing Fees</b>			<b>\$ 936,706,890</b>	<b>\$ 812,167,250</b>
<b>Patent Post Allowance Fees (Large Entity):</b>				
1501	Utility Issue	\$ 960	\$ 237,512,640	\$ 225,771,170
1502	Design Issue	\$ 560	\$ 6,914,320	\$ 7,662,480
1503	Plant Issue	\$ 760	\$ 328,320	\$ 392,920
1511	Reissue Issue	\$ 960	\$ 479,040	\$ 314,880
1505	Publication fee for republication	\$ 300	\$ 57,300	\$ 40,500
1506	Suspense Account for Partial Issue Payments		\$ 147,387	\$ 5,888
1508	Issue Fee - owed over current fee		\$ -	\$ 137,295
<b>Total Patent Post Allowance Fees (Large Entity)</b>			<b>\$ 245,439,007</b>	<b>\$ 234,325,133</b>
<b>Patent Post Allowance Fees (Small Entity):</b>				
2501	Utility Issue	\$ 480	\$ 28,441,440	\$ 27,618,260
2502	Design Issue	\$ 280	\$ 2,455,040	\$ 2,804,370
2503	Plant Issue	\$ 380	\$ 163,780	\$ 210,140
2511	Reissue Issue	\$ 480	\$ 141,600	\$ 54,720
<b>Total Patent Post Allowance Fees (Small Entity)</b>			<b>\$ 31,201,860</b>	<b>\$ 30,687,490</b>
<b>Patent Post Allowance Fees (Micro Entity)</b>				
3501	Utility or Reissue Issue	\$ 240	\$ 1,580,160	\$ 1,342,800
3502	Design Issue	\$ 140	\$ 306,880	\$ 278,015
3503	Plant Issue	\$ 190	\$ 4,370	\$ 1,330
3511	Reissue Issue	\$ 240	\$ 3,840	\$ 960
<b>Total Patent Post Allowance Fees (Micro Entity)</b>			<b>\$ 1,895,250</b>	<b>\$ 1,623,105</b>
<b>Total Patent Post Allowance Fees</b>			<b>\$ 278,536,117</b>	<b>\$ 266,635,728</b>
<b>Patent Extension of Time Fees (Large Entity):</b>				
1251	Extension for response within first month	\$ 200	\$ 24,067,400	\$ 20,319,350
1252	Extension for response within second month	\$ 600	\$ 30,140,400	\$ 24,388,780
1253	Extension for response within third month	\$ 1,400	\$ 65,884,000	\$ 50,298,021
1254	Extension for response within fourth month	\$ 2,200	\$ 6,738,600	\$ 4,181,290
1255	Extension for response within fifth month	\$ 3,000	\$ 11,637,000	\$ 5,708,463
<b>Total Patent Extension of Time Fees (Large Entity)</b>			<b>\$ 138,467,400</b>	<b>\$ 104,895,904</b>
<b>Patent Extension of Time Fees (Small Entity):</b>				
2251	Extension for response within first month	\$ 100	\$ 4,198,400	\$ 3,643,810
2252	Extension for response within second month	\$ 300	\$ 7,178,700	\$ 6,114,215
2253	Extension for response within third month	\$ 700	\$ 23,892,400	\$ 21,984,122
2254	Extension for response within fourth month	\$ 1,100	\$ 2,745,600	\$ 2,602,460
2255	Extension for response within fifth month	\$ 1,500	\$ 5,856,000	\$ 2,976,400
<b>Total Patent Extension of Time Fees (Small Entity)</b>			<b>\$ 43,871,100</b>	<b>\$ 37,321,007</b>

Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
<b>Patent Extension of Time Fees (Micro Entity):</b>				
3251	Extension for response within first month	\$ 50	\$ 233,250	\$ 180,550
3252	Extension for response within second month	\$ 150	\$ 398,850	\$ 309,540
3253	Extension for response within third month	\$ 350	\$ 1,327,200	\$ 905,255
3254	Extension for response within fourth month	\$ 550	\$ 152,350	\$ 178,750
3255	Extension for response within fifth month	\$ 750	\$ 325,500	\$ 158,720
<b>Total Patent Extension of Time Fees (Micro Entity)</b>			<b>\$ 2,437,150</b>	<b>\$ 1,732,815</b>
<b>Total Patent Extension of Time Fees</b>			<b>\$ 184,775,650</b>	<b>\$ 143,949,727</b>
<b>Patent Maintenance Fees (Large Entity):</b>				
1551	Due at 3.5 years	\$ 1,600	\$ 263,273,600	\$ 256,135,750
1552	Due at 7.5 years	\$ 3,600	\$ 379,753,200	\$ 309,544,270
1553	Due at 11.5 years	\$ 7,400	\$ 669,159,800	\$ 516,981,390
1554	Surcharge - 3.5 year - Late payment within 6 months	\$ 160	\$ 376,320	\$ 682,600
1555	Surcharge - 7.5 year - Late payment within 6 months	\$ 160	\$ 559,840	\$ 359,040
1556	Surcharge - 11.5 year - Late payment within 6 months	\$ 160	\$ 725,600	\$ 345,440
1558	Petition for the delayed payment of the fee for maintaining a patent in force	\$ 1,700	\$ 4,289,100	\$ 886,400
1559	Patent Unassigned Maintenance Fees		\$ 2,062,768	\$ 1,633,917
<b>Total Patent Maintenance Fees (Large Entity)</b>			<b>\$ 1,320,200,228</b>	<b>\$ 1,086,568,807</b>
<b>Patent Maintenance Fees (Small Entity):</b>				
2551	Due at 3.5 years	\$ 800	\$ 26,798,400	\$ 26,864,010
2552	Due at 7.5 years	\$ 1,800	\$ 27,061,200	\$ 27,817,155
2553	Due at 11.5 years	\$ 3,700	\$ 45,088,200	\$ 42,135,600
2554	Surcharge - 3.5 year - Late payment within 6 months	\$ 80	\$ 365,920	\$ 409,905
2555	Surcharge - 7.5 year - Late payment within 6 months	\$ 80	\$ 181,200	\$ 209,360
2556	Surcharge - 11.5 year - Late payment within 6 months	\$ 80	\$ 136,560	\$ 146,960
2558	Petition for the delayed payment of the fee for maintaining a patent in force	\$ 850	\$ 253,300	\$ 1,150,870
<b>Total Patent Maintenance Fees (Small Entity)</b>			<b>\$ 99,884,780</b>	<b>\$ 98,733,860</b>
<b>Patent Maintenance Fees (Micro Entity):</b>				
3551	Due at 3.5 years	\$ 400	\$ 1,488,800	\$ 725,600
3552	Due at 7.5 years	\$ 900	\$ 1,503,000	\$ 787,500
3553	Due at 11.5 years	\$ 1,850	\$ 2,504,900	\$ 1,126,650
3554	Surcharge - 3.5 year - Late payment within 6 months	\$ 40	\$ 20,320	\$ 19,960
3555	Surcharge - 7.5 year - Late payment within 6 months	\$ 40	\$ 10,080	\$ 10,720
3556	Surcharge - 11.5 year - Late payment within 6 months	\$ 40	\$ 17,080	\$ 9,720
3558	Petition for the delayed payment of the fee for maintaining a patent in force	\$ 850	\$ 108,800	\$ -
<b>Total Patent Maintenance Fees (Micro Entity)</b>			<b>\$ 5,652,980</b>	<b>\$ 2,680,150</b>

Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
<b>Total Patent Maintenance Fees</b>			\$ 1,425,737,988	\$ 1,187,982,817
<b>Miscellaneous Patent Fees (Large Entity):</b>				
1819	Correction of inventorship after first action on merits	\$ 600	\$ 376,800	\$ 710,400
1830	Processing fee, except in provisional applications	\$ 140	\$ -	\$ 1,954,260
1808	Other publication processing fee	\$ 130	\$ 1,193,790	\$ 28,600
1803	Request for voluntary publication or republication	\$ 130	\$ 51,610	\$ 27,040
1802	Request for expedited examination of a design application	\$ 900	\$ 319,500	\$ 282,600
1806	Submission of an Information Disclosure Statement	\$ 180	\$ 22,316,400	\$ 21,357,360
1818	Document fee for third-party submissions (see 37 CFR 1.290(f))	\$ 180	\$ -	\$ 79,920
1807	Processing fee for provisional applications	\$ 50	\$ 361,250	\$ 285,100
1809	Filing a submission after final rejection (see 37 CFR 1.129(a))	\$ 840	\$ 59,640	\$ 36,960
1810	For each additional invention to be examined (see 37 CFR 1.129(b))	\$ 840	\$ 840	\$ -
1815	Suspense Account for Patent Processing Fees		\$ 21,580	\$ (1,340)
1999	Patent Unassigned Fees		\$ 1,840,545	\$ 1,787,693
<b>Total Miscellaneous Patent Fees (Large Entity)</b>			\$ 26,541,955	\$ 26,548,593
<b>Miscellaneous Patent Fees (Small Entity):</b>				
2819	Correction of inventorship after first action on merits	\$ 300	\$ 100,500	\$ 208,800
2830	Processing fee, except in provisional applications	\$ 70	\$ -	\$ 625,170
2802	Request for expedited examination of a design application	\$ 450	\$ 30,600	\$ 63,450
2806	Submission of an Information Disclosure Statement	\$ 90	\$ 2,535,120	\$ 2,341,170
2818	Document fee for third-party submissions (see 37 CFR 1.290(f))	\$ 90	\$ -	\$ 16,290
2809	Filing a submission after final rejection (see 37 CFR 1.129(a))	\$ 420	\$ 14,280	\$ 10,080
2810	For each additional invention to be examined (see 37 CFR 1.129(b))	\$ 420	\$ -	\$ -
<b>Total Miscellaneous Patent Fees (Small Entity)</b>			\$ 2,680,500	\$ 3,264,960
<b>Miscellaneous Patent Fees (Micro Entity):</b>				
3819	Correction of inventorship after first action on merits	\$ 150	\$ 5,550	\$ 7,350
3830	Processing fee, except in provisional applications	\$ 35	\$ -	\$ 34,580
3802	Request for expedited examination of a design application	\$ 225	\$ 3,825	\$ 11,475
3806	Submission of an Information Disclosure Statement	\$ 45	\$ 66,735	\$ 32,625
3809	Filing a submission after final rejection (see 37 CFR 1.129(a))	\$ 210	\$ 840	\$ 1,680
3810	For each additional invention to be examined (see 37 CFR 1.129(b))	\$ 210	\$ -	\$ -
<b>Total Miscellaneous Patent Fees (Micro Entity)</b>			\$ 76,950	\$ 87,710
<b>Total Miscellaneous Patent Fees</b>			\$ 29,299,405	\$ 29,901,263
<b>Post Issuance Fees (Large Entity):</b>				
1811	Certificate of correction	\$ 100	\$ 1,086,600	\$ 1,147,900
1816	Processing fee for correcting inventorship in a patent	\$ 130	\$ 43,030	\$ 70,330
1812	Request for ex parte reexamination	\$ 12,000	\$ 3,024,000	\$ 1,734,250
1821	Reexamination independent claims in excess of three and also in excess of the number of such claims in the patent under reexamination	\$ 420	\$ 142,380	\$ 99,790
1822	Reexamination claims in excess of 20 and also in excess of the number of claims in the patent under reexamination	\$ 80	\$ 243,360	\$ 220,626
1814	Statutory disclaimer, including terminal disclaimer	\$ 160	\$ 9,756,640	\$ 8,428,430

Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
1826	Request for supplemental examination	\$ 4,400	\$ 184,800	\$ 145,200
1827	Reexamination ordered as a result of supplemental examination	\$ 12,100	\$ 568,700	\$ 290,400
1828	Supplemental Examination Document Size Fee - for nonpatent document having between 21 and 50 sheets	\$ 180	\$ 720	\$ 1,080
1829	Supplemental Examination Document Size Fee - for each additional 50 sheets or a fraction thereof in a nonpatent document	\$ 280	\$ -	\$ 3,360
<b>Total Post Issuance Fees (Large Entity)</b>			<b>\$ 14,761,030</b>	<b>\$ 12,188,166</b>
<b>Post Issuance Fees (Small Entity):</b>				
2812	Request for ex parte reexamination	\$ 6,000	\$ 1,920,000	\$ 492,000
2821	Reexamination independent claims in excess of three and also in excess of the number of such claims in the patent under reexamination	\$ 210	\$ 9,240	\$ 15,530
2822	Reexamination claims in excess of 20 and also in excess of the number of claims in the patent under reexamination	\$ 40	\$ 8,240	\$ 15,000
2826	Request for supplemental examination	\$ 2,200	\$ 99,000	\$ 26,400
2827	Reexamination ordered as a result of supplemental examination	\$ 6,050	\$ 242,000	\$ 54,450
2828	Supplemental Examination Document Size Fee - for nonpatent document having between 21 and 50 sheets	\$ 90	\$ 90	\$ 1,170
2829	Supplemental Examination Document Size Fee - for each additional 50 sheets or a fraction thereof in a nonpatent document	\$ 140	\$ -	\$ 2,940
<b>Total Post Issuance Fees (Small Entity)</b>			<b>\$ 2,278,570</b>	<b>\$ 607,490</b>
<b>Post Issuance Fees (Micro Entity):</b>				
3812	Request for ex parte reexamination	\$ 3,000	\$ 51,000	\$ -
3821	Reexamination independent claims in excess of three and also in excess of the number of such claims in the patent under reexamination	\$ 105	\$ 210	\$ 105
3822	Reexamination claims in excess of 20 and also in excess of the number of claims in the patent under reexamination	\$ 20	\$ 460	\$ 80
3826	Request for supplemental examination	\$ 1,100	\$ 5,500	\$ 1,100
3827	Reexamination ordered as a result of supplemental examination	\$ 3,025	\$ 30,250	\$ 3,025
3828	Supplemental Examination Document Size Fee - for nonpatent document having between 21 and 50 sheets	\$ 45	\$ -	\$ 225
3829	Supplemental Examination Document Size Fee - for each additional 50 sheets or a fraction thereof in a nonpatent document	\$ 70	\$ -	\$ -
<b>Total Post Issuance Fees (Micro Entity)</b>			<b>\$ 87,420</b>	<b>\$ 4,535</b>
<b>Total Post Issuance Fees</b>			<b>\$ 17,127,020</b>	<b>\$ 12,800,191</b>
<b>Patent Trial and Appeal Fees (Large Entity):</b>				
1405	Petitions to the Chief Administrative Patent Judge under 37 CFR 41.3	\$ 400	\$ 72,000	\$ 22,400
1401	Notice of appeal	\$ 800	\$ 18,104,000	\$ 16,282,840
1404	Filing a brief in support of an appeal in an inter partes reexamination proceeding	\$ 2,000	\$ 474,000	\$ 614,010
1403	Request for oral hearing	\$ 1,300	\$ 1,043,900	\$ 911,580
1413	Forwarding an appeal in an application or ex parte reexamination proceeding to the Board	\$ 2,000	\$ 25,672,000	\$ 13,402,000
1406	Inter partes review request fee - Up to 20 claims	\$ 9,000	\$ 11,601,000	\$ 15,651,000
1414	Inter partes review post-institution fee - Up to 15 claims	\$ 14,000	\$ 17,500,000	\$ 18,074,000
1407	Inter partes review request of each claim in excess of 20	\$ 200	\$ 723,000	\$ 995,600
1415	Inter partes post-institution request of each claim in excess of 15	\$ 400	\$ 2,332,800	\$ 2,351,600
1408	Post-grant or covered business method review request fee - Up to 20 claims	\$ 12,000	\$ 3,612,000	\$ 1,944,000

Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
1416	Post-grant or covered business method review post-institution fee - Up to 15 claims	\$ 18,000	\$ 5,040,000	\$ 2,052,000
1409	Post-grant or covered business method review request of each claim in excess of 20	\$ 250	\$ 440,000	\$ 175,750
1417	Post-grant or covered business method review post-institution request of each claim in excess of 15	\$ 550	\$ 980,100	\$ 397,100
1412	Petition for a derivation proceeding	\$ 400	\$ 4,400	\$ 2,000
1411	Request to make a settlement agreement available and other requests filed in a patent trial proceeding	\$ 400	\$ 2,400	\$ -
<b>Total Patent Trial and Appeals Fees (Large Entity)</b>			<b>\$ 86,930,200</b>	<b>\$ 72,875,880</b>
<b>Patent Trial and Appeals Fees (Small Entity):</b>				
2401	Notice of appeal	\$ 400	\$ 2,140,800	\$ 2,280,065
2404	Filing a brief in support of an appeal in an inter partes reexamination proceeding	\$ 1,000	\$ 217,000	\$ 37,000
2403	Request for oral hearing	\$ 650	\$ 122,850	\$ 142,350
2413	Forwarding an appeal in an application or ex parte reexamination proceeding to the Board	\$ 1,000	\$ 1,902,000	\$ 1,364,000
<b>Total Patent Trial and Appeals Fees (Small Entity)</b>			<b>\$ 4,382,650</b>	<b>\$ 3,823,415</b>
<b>Patent Trial and Appeals Fees (Micro Entity):</b>				
3401	Notice of appeal	\$ 200	\$ 119,000	\$ 88,200
3404	Filing a brief in support of an appeal in an inter partes reexamination proceeding	\$ 500	\$ 12,000	\$ 1,000
3403	Request for oral hearing	\$ 325	\$ 3,250	\$ 1,950
3413	Forwarding an appeal in an application or ex parte reexamination proceeding to the Board	\$ 500	\$ 105,500	\$ 74,500
<b>Total Patent Trial and Appeals Fees (Micro Entity)</b>			<b>\$ 239,750</b>	<b>\$ 165,650</b>
<b>Total Patent Trial and Appeals Fees</b>			<b>\$ 91,552,600</b>	<b>\$ 76,864,945</b>
<b>Patent Petition Fees (Large Entity):</b>				
1462	Petitions requiring the petition fee set forth in 37 CFR 1.17(f) (Group I)	\$ 400	\$ 403,200	\$ 549,600
1463	Petitions requiring the petition fee set forth in 37 CFR 1.17(g) (Group II)	\$ 200	\$ 684,600	\$ 847,400
1464	Petitions requiring the petition fee set forth in 37 CFR 1.17(h) (Group III)	\$ 140	\$ 640,080	\$ 972,840
1453	Petition for revival of an abandoned application for a patent, for the delayed payment of the fee for issuing each patent, or for the delayed response by the patent owner in any reexamination proceeding	\$ 1,700	\$ 6,662,300	\$ 5,647,640
1454	Petition for the delayed submission of a priority or benefit claim, or to restore the right of priority or benefit	\$ 1,700	\$ 1,157,700	\$ 2,531,580
1784	Petition to excuse applicant's failure to act within prescribed time limits in an international design application	\$ 1,700		\$ 1,700
1783	Petition to convert an international design application to a design application under 35 U.S.C. chapter 16	\$ 180		\$ -
1455	Filing an application for patent term adjustment	\$ 200	\$ 689,200	\$ 244,200
1456	Request for reinstatement of term reduced	\$ 400	\$ 4,000	\$ 3,200
1824	Petitions in a reexamination proceeding, except for those specifically enumerated in 37 CFR 1.550(i) and 1.937(d)	\$ 1,940	\$ 1,301,740	\$ 587,830
1457	Extension of term of patent	\$ 1,120	\$ 81,760	\$ 129,920
1458	Initial application for interim extension (see 37 CFR 1.790)	\$ 420	\$ 840	\$ 1,260
1459	Subsequent application for interim extension (see 37 CFR 1.790)	\$ 220	\$ 660	\$ 1,100
<b>Total Patent Petition Fees (Large Entity)</b>			<b>\$ 11,626,080</b>	<b>\$ 11,518,270</b>

Fee	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
<b>Patent Petition Fees (Small Entity):</b>				
2462	Petitions requiring the petition fee set forth in 37 CFR 1.17(f) (Group I)	\$ 200	\$ 38,600	\$ 225,800
2463	Petitions requiring the petition fee set forth in 37 CFR 1.17(g) (Group II)	\$ 100	\$ 73,700	\$ 50,200
2464	Petitions requiring the petition fee set forth in 37 CFR 1.17(h) (Group III)	\$ 70	\$ 68,880	\$ 182,560
2453	Petition for revival of an abandoned application for a patent, for the delayed payment of the fee for issuing each patent, or for the delayed response by the patent owner in any reexamination proceeding	\$ 850	\$ 4,004,350	\$ 3,795,245
2454	Petition for the delayed submission of a priority or benefit claim, or to restore the right of priority or benefit	\$ 850	\$ 124,950	\$ 995,350
2784	Petition to excuse applicant's failure to act within prescribed time limits in an international design application	\$ 850		\$ 850
2824	Petitions in a reexamination proceeding, except for those specifically enumerated in 37 CFR 1.550(i) and 1.937(d)	\$ 970	\$ 766,300	\$ 24,250
<b>Total Patent Petition Fees (Small Entity)</b>			<b>\$ 5,076,780</b>	<b>\$ 5,274,255</b>
<b>Patent Petition Fees (Micro Entity):</b>				
3462	Petitions requiring the petition fee set forth in 37 CFR 1.17(f) (Group I)	\$ 100	\$ 4,800	\$ 16,100
3463	Petitions requiring the petition fee set forth in 37 CFR 1.17(g) (Group II)	\$ 50	\$ 4,100	\$ 2,400
3464	Petitions requiring the petition fee set forth in 37 CFR 1.17(h) (Group III)	\$ 35	\$ 3,815	\$ 6,615
3454	Petition for the delayed submission of a priority or benefit claim, or to restore the right of priority or benefit	\$ 850	\$ 13,600	\$ 107,950
3824	Petitions in a reexamination proceeding, except for those specifically enumerated in 37 CFR 1.550(i) and 1.937(d)	\$ 485	\$ 20,370	\$ -
<b>Total Patent Petition Fees (Micro Entity)</b>			<b>\$ 46,685</b>	<b>\$ 133,065</b>
<b>Total Patent Petition Fees</b>			<b>\$ 16,749,545</b>	<b>\$ 16,925,590</b>
<b>PCT Fees - National Stage (Large Entity):</b>				
1631	Basic National Stage Fee	\$ 280	\$ 17,841,040	\$ 18,179,760
1641	National Stage Search Fee - U.S. was the ISA	\$ 120	\$ 301,440	\$ 323,060
1642	National Stage Search Fee - search report prepared and provided to USPTO	\$ 480	\$ 27,844,800	\$ 28,719,070
1632	National Stage Search Fee - all other situations	\$ 600	\$ 1,919,400	\$ 1,331,410
1633	National Stage Examination Fee - all other situations	\$ 720	\$ 45,815,040	\$ 46,587,120
1614	Claims - extra independent (over three)	\$ 420	\$ 9,176,160	\$ 7,676,700
1615	Claims - extra total (over 20)	\$ 80	\$ 9,427,840	\$ 8,106,678
1616	Claims - multiple dependent	\$ 780	\$ 1,496,820	\$ 830,330
1617	Search fee, examination fee or oath or declaration after the date of commencement of the national stage	\$ 140	\$ 3,546,900	\$ 3,373,370
1618	English translation after thirty months from priority date	\$ 140	\$ 213,080	\$ 199,070
1681	National Stage Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 400	\$ 1,736,400	\$ 1,861,550
<b>Total PCT Fees - National Stage (Large Entity)</b>			<b>\$ 119,318,920</b>	<b>\$ 117,188,118</b>
<b>PCT Fees - National Stage (Small Entity):</b>				
2631	Basic National Stage Fee	\$ 140	\$ 2,443,280	\$ 2,724,140
2641	National Stage Search Fee - U.S. was the ISA	\$ 60	\$ 139,020	\$ 166,870
2642	National Stage Search Fee - search report prepared and provided to USPTO	\$ 240	\$ 3,416,880	\$ 3,787,125
2632	National Stage Search Fee - all other situations	\$ 300	\$ 241,500	\$ 223,930
2633	National Stage Examination Fee - all other situations	\$ 360	\$ 6,266,520	\$ 6,926,170
2614	Claims - extra independent (over three)	\$ 210	\$ 1,616,370	\$ 1,326,370
2615	Claims - extra total (over 20)	\$ 40	\$ 2,661,480	\$ 2,351,450



Fee Code	Fee Title	Fee Rates	President's Budget Planned Fee Collections	Actual Fee Collections
2616	Claims - multiple dependent Search fee, examination fee or oath or declaration after the date of commencement of the national stage	\$ 390	\$ 283,920	\$ 221,390
2617	English translation after thirty months from priority date	\$ 70	\$ 654,920	\$ 721,845
2618	National Stage Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 70	\$ 29,260	\$ 54,810
2681		\$ 200	\$ 303,000	\$ 403,640
<b>Total PCT Fees - National Stage (Small Entry)</b>			<b>\$ 18,056,150</b>	<b>\$ 18,907,740</b>
<b>PCT Fees - National Stage (Micro Entity):</b>				
3631	Basic National Stage Fee	\$ 70	\$ 135,730	\$ 81,480
3641	National Stage Search Fee - U.S. was the ISA	\$ 30	\$ 7,710	\$ 5,790
3642	National Stage Search Fee - search report prepared and provided to USPTO	\$ 120	\$ 189,840	\$ 103,320
3632	National Stage Search Fee - all other situations	\$ 150	\$ 30,150	\$ 12,900
3633	National Stage Examination Fee - all other situations	\$ 180	\$ 348,120	\$ 204,840
3614	Claims - extra independent (over three)	\$ 105	\$ 89,775	\$ 28,770
3615	Claims - extra total (over 20)	\$ 20	\$ 147,860	\$ 49,700
3616	Claims - multiple dependent Search fee, examination fee or oath or declaration after the date of commencement of the national stage	\$ 195	\$ 15,795	\$ 9,555
3617	English translation after thirty months from priority date	\$ 35	\$ 17,220	\$ 10,920
3618	National Stage Application Size Fee - for each additional 50 sheets that exceeds 100 sheets	\$ 35	\$ 1,610	\$ 1,645
3681		\$ 100	\$ 16,800	\$ 4,500
<b>Total PCT Fees - National Stage (Micro Entity)</b>			<b>\$ 1,000,610</b>	<b>\$ 513,420</b>
<b>Total PCT Fees - National Stage</b>			<b>\$ 138,375,680</b>	<b>\$ 136,609,278</b>
<b>PCT Fees - International Stage (Large Entity):</b>				
1601	Transmittal fee Search fee - regardless of whether there is a corresponding application (see 35 U.S.C. 361(d) and PCT Rule 16)	\$ 240	\$ 11,168,160	\$ 9,470,880
1602	Supplemental search fee when required, per additional invention	\$ 2,080	\$ 28,934,880	\$ 17,847,500
1604	Transmitting application to Intl. Bureau to act as receiving office	\$ 240	\$ 938,080	\$ 877,760
1621	Preliminary examination fee - U.S. was the ISA	\$ 600	\$ 18,000	\$ 96,960
1605	Preliminary examination fee - U.S. was not the ISA	\$ 760	\$ 614,400	\$ 381,000
1606	Supplemental examination fee per additional invention	\$ 600	\$ 214,320	\$ 243,280
1607	Late payment fee	\$ 600	\$ 18,000	\$ 9,600
1619		var	\$ 118,188	\$ 134,386
1624	Suspense Account for PCT Payments		\$ -	\$ 14,418
<b>Total PCT Fees - International Stage (Large Entity)</b>			<b>\$ 42,024,028</b>	<b>\$ 29,075,784</b>
<b>PCT Fees - International Stage (Small Entity):</b>				
2601	Transmittal fee Search fee - regardless of whether there is a corresponding application (see 35 U.S.C. 361(d) and PCT Rule 16)	\$ 120	\$ 1,535,280	\$ 1,923,600
2602	Supplemental search fee when required, per additional invention	\$ 1,040	\$ 3,978,000	\$ 11,359,920
2604	Transmitting application to Intl. Bureau to act as receiving office	\$ 1,040	\$ 128,960	\$ 593,840
2621	Preliminary examination fee - U.S. was the ISA	\$ 120	\$ 10,800	\$ 29,400
2605	Preliminary examination fee - U.S. was not the ISA	\$ 300	\$ 84,600	\$ 129,600
2606		\$ 380	\$ 29,640	\$ 32,300

Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
2607	Supplemental examination fee per additional invention	\$ 300	\$ 2,400	\$ 6,900
2619	Late payment fee	var	\$ -	\$ 1,364
<b>Total PCT Fees - International Stage (Small Entity)</b>			<b>\$ 5,769,680</b>	<b>\$ 14,076,924</b>
<b>PCT Fees - International Stage (Micro Entity):</b>				
3601	Transmittal fee	\$ 60	\$ 85,320	\$ 74,220
3602	Search fee - regardless of whether there is a corresponding application (see 35 U.S.C. 361(d) and PCT Rule 16)	\$ 520	\$ 221,000	\$ 587,080
3604	Supplemental search fee when required, per additional invention	\$ 520	\$ 7,280	\$ 40,040
3621	Transmitting application to Intl. Bureau to act as receiving office	\$ 60	\$ 600	\$ 1,560
3605	Preliminary examination fee - U.S. was the ISA	\$ 150	\$ 4,650	\$ 7,950
3606	Preliminary examination fee - U.S. was not the ISA	\$ 190	\$ 1,710	\$ 570
3607	Supplemental examination fee per additional invention	\$ 150	\$ 150	\$ 150
3619	Late payment fee	var	\$ -	\$ 240
<b>Total PCT Fees - International Stage (Micro Entity)</b>			<b>\$ 320,710</b>	<b>\$ 711,810</b>
<b>Total PCT Fees - International Stage</b>			<b>\$ 48,114,418</b>	<b>\$ 43,864,518</b>
<b>Total PCT Fees</b>			<b>\$ 186,490,098</b>	<b>\$ 180,473,796</b>
<b>Hague International Design Application Fees (Large Entity)</b>				
1781	Transmittal Fee	\$ 120		\$ 9,120
1791	International Design Application First Part U.S. Designation Fee (Part II Designation Fee) Issue Fee Paid Through the International Bureau in an	\$ 760		\$ 74,480
1792	International Design Application	\$ 560		\$ -
<b>Total Hague International Design Application Fees (Large Entity)</b>			<b>\$ -</b>	<b>\$ 83,600</b>
<b>Hague International Design Application Fees (Small Entity)</b>				
2791	International Design Application First Part U.S. Designation Fee (Part II Designation Fee) Issue Fee Paid Through the International Bureau in an	\$ 380		\$ 23,940
2792	International Design Application	\$ 280		\$ -
<b>Total Hague International Design Application Fees (Small Entity)</b>			<b>\$ -</b>	<b>\$ 23,940</b>
<b>Hague International Design Application Fees (Micro Entity)</b>				
3791	International Design Application First Part U.S. Designation Fee (Part II Designation Fee) Issue Fee Paid Through the International Bureau in an	\$ 190		\$ 2,660
3792	International Design Application	\$ 140		\$ -
<b>Total Hague International Design Application Fees (Micro Entity)</b>			<b>\$ -</b>	<b>\$ 2,660</b>
<b>Total Hague International Design Application Fees</b>			<b>\$ -</b>	<b>\$ 110,200</b>
<b>Patent Service Fees:</b>				
8001	Printed copy of patent w/o color, delivery by USPS, USPTO Box, or electronic means	\$ 3	\$ 370,926	\$ 236,973
8005	Patent Application Publication (PAP)	\$ 3	\$ 6,798	\$ 5,094
8003	Printed copy of plant patent in color	\$ 15	\$ 5,595	\$ 2,775
8004	Color copy of patent (other than plant patent) containing a color drawing	\$ 25	\$ -	\$ 25
8007	Copy of patent application as filed	\$ 20	\$ 2,448,880	\$ 1,498,180
8008	Copy of patent-related file wrapper and contents of 400 or fewer pages, if provided on paper	\$ 200	\$ 337,000	\$ 217,200

Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
8009	Additional fee for each additional 100 pages of patent-related file wrapper and (paper) contents, or portion thereof	\$ 40	\$ 127,520	\$ 57,240
8010	Individual application documents, other than application as filed, per document	\$ 25	\$ 33,350	\$ 20,225
8011	Copy of patent-related file wrapper and contents if provided electronically or on a physical electronic medium as specified in 1.19(b)(1)(ii)	\$ 55	\$ 173,305	\$ 163,350
8012	Additional fee for each continuing physical electronic medium in single order of 1.19(b)(1)(ii)(B)	\$ 15	\$ 3,615	\$ 1,725
8013	Copy of office records, except copies of applications as filed	\$ 25	\$ 334,700	\$ 206,475
8014	For assignment records, abstract of title and certification, per patent	\$ 25	\$ 1,189,825	\$ 967,975
8904	Library service	\$ 50	\$ 2,250	\$ 2,391
8016	Uncertified statement re status of maintenance fee payments	\$ 10	\$ -	\$ -
8017	Copy of non-U.S. document	\$ 25	\$ -	\$ -
8050	Petitions for documents in form other than that provided by this part, or in form other than that generally provided by Director, to be decided in accordance with merits	AT COST	\$ -	\$ -
8020	International type search report	\$ 40	\$ -	\$ 80
8901	REPS	\$ 41	\$ 248,440	\$ 170,255
8902	Self-service copy charge, per page	\$ 0	\$ 494,444	\$ 389,910
8021	Recording each patent assignment, agreement or other paper, per property – if not submitted electronically	\$ 40	\$ 3,212,320	\$ 199,760
8022	Publication in Official Gazette	\$ 25	\$ 3,975	\$ 4,475
8023	Labor charges for services, per hour or fraction thereof	\$ 40	\$ 122,440	\$ 100,600
8024	Unspecified other services, excluding labor	AT COST	\$ 52,498	\$ 42,159
8026	Handling fee for incomplete or improper application	\$ 130	\$ 49,660	\$ 51,480
8031	Computer Records	AT COST	\$ 238,549	\$ 105,086
<b>Total Patent Service Fees</b>			<b>\$ 9,456,090</b>	<b>\$ 4,443,433</b>
<b>Patent Enrollment Fees:</b>				
9001	Application fee (non-refundable)	\$ 40	\$ 151,040	\$ 125,840
9010	For test administration by commercial entity	\$ 200	\$ 734,600	\$ 573,200
9011	For test administration by the USPTO	\$ 450	\$ 2,700	\$ 2,250
9003	Registration to practice or grant of limited recognition under §11.9(b) or (c)	\$ 100	\$ 200,000	\$ 134,100
9025	Registration to practice for change of practitioner type	\$ 100	\$ 60,000	\$ 48,200
9005	Certificate of good standing as an attorney or agent	\$ 10	\$ 3,680	\$ 2,910
9006	Certificate of good standing as an attorney or agent, suitable for framing	\$ 20	\$ 420	\$ 540
9012	Review of decision by the Director of Enrollment and Discipline under §11.2(c)	\$ 130	\$ 2,080	\$ 1,170
9013	Review of decision of the Director of Enrollment and Discipline under §11.2(d)	\$ 130	\$ 1,170	\$ 130
9015	Annual fee for registered attorney or agent in active status	\$ 120	\$ -	\$ -
9016	Annual fee for registered attorney or agent in voluntary inactive status	\$ 25	\$ -	\$ -
9017	Requesting restoration to active status from voluntary inactive status	\$ 50	\$ -	\$ -
9018	Balance of annual fee due upon restoration to active status from voluntary inactive status	\$ 100	\$ -	\$ -
9019	Annual fee for individual granted limited recognition	\$ 120	\$ -	\$ -
9020	Delinquency fee for annual fee	\$ 50	\$ -	\$ 8,150
9004	Reinstatement to practice	\$ 100	\$ 9,700	\$ 7,100
9014	Application fee for person disciplined, convicted of a felony or certain misdemeanors under §11.7(h)	\$ 1,600	\$ 16,000	\$ 22,400
9024	Unspecified other services, excluding labor	AT COST	\$ 1,623	\$ 2,665
<b>Total Patent Enrollment Fees</b>			<b>\$ 1,183,013</b>	<b>\$ 928,655</b>

Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
<b>Finance Service Fees:</b>				
9201	Establish deposit account	\$ 10	\$ 2,820	\$ 2,992
9202	Service charge for below minimum balance	\$ 25	\$ 95,675	\$ 85,397
9101	Processing each payment refused or charged back	\$ 50	\$ 5,850	\$ 40,963
9209	Partial Service Charge for Closing a Deposit Account	\$ 51	\$ 2,182	\$ 1,668
<b>Total Finance Service Fees</b>			<b>\$ 106,527</b>	<b>\$ 131,019</b>
<b>Trademarks</b>				
<b>Application Filings:</b>				
6001	Application for registration, per international class (paper filing)	\$ 375	\$ 1,507,125	\$ 698,665
6006	Dividing an application, per new application (file wrapper) created	\$ 100	\$ 8,400	\$ 5,700
6008	Additional fee for application that doesn't meet TEAS Plus filing requirements, per class	\$ 50	\$ 5,500	\$ 5,000
7001	Application for registration, per international class (electronic filing, TEAS application)	\$ 325	\$ 51,784,525	\$ 38,613,900
7006	Dividing an application, per new application (file wrapper) created	\$ 100	\$ 270,000	\$ 339,900
7007	Application for registration, per international class (electronic filing, TEAS Plus application)	\$ 225	\$ 42,249,825	\$ 41,976,175
7008	Additional fee for application that doesn't meet TEAS Plus filing requirements, per class	\$ 50	\$ 177,600	\$ 112,950
7009	Application for registration, per international class (electronic filing, TEAS RF application)	\$ 275	\$ 14,996,475	\$ 47,720,750
7931	Application Fee Filed at WIPO	\$ 325	\$ 1,128,725	\$ 14,233,275
7933	Subsequent Designation Fee Filed at WIPO	\$ 325	\$ 26,239,046	\$ 1,209,325
<b>Total Application Filings Fees</b>			<b>\$ 138,367,221</b>	<b>\$ 144,915,640</b>
<b>Maintaining Exclusive Rights:</b>				
6201	Application for renewal under \$9, per class	\$ 400	\$ 607,500	\$ 510,800
6203	Additional fee for filing renewal application during grace period, per class	\$ 100	\$ 12,300	\$ 11,400
6204	Correcting a deficiency in a renewal application	\$ 100	\$ -	\$ 400
6205	Filing \$8 affidavit, per class	\$ 100	\$ 552,500	\$ 291,500
6206	Additional fee for filing \$8 affidavit during grace period, per class	\$ 100	\$ 40,500	\$ 32,800
6207	Correcting a deficiency in a \$8 affidavit	\$ 100	\$ 10,000	\$ 6,600
6208	Filing \$15 affidavit, per class	\$ 200	\$ 394,400	\$ 222,000
6210	Publication of mark under §12(c), per class	\$ 100	\$ -	\$ -
6211	Issuing new certificate of registration	\$ 100	\$ 19,200	\$ 1,000
6212	Certificate of correction, registrant's error	\$ 100	\$ 1,700	\$ 1,600
6213	Filing disclaimer to registration	\$ 100	\$ -	\$ -
6214	Filing amendment to registration	\$ 100	\$ 100,000	\$ 9,600
7201	Application for renewal under \$9, per class	\$ 300	\$ 19,644,600	\$ 24,214,600
7203	Additional fee for filing renewal application during grace period, per class	\$ 100	\$ 602,000	\$ 677,200
7204	Correcting a deficiency in a renewal application	\$ 100	\$ -	\$ 12,900
7205	Filing \$8 affidavit, per class	\$ 100	\$ 17,864,900	\$ 17,457,600
7206	Additional fee for filing \$8 affidavit during grace period, per class	\$ 100	\$ 1,985,400	\$ 1,832,200
7207	Correcting a deficiency in a \$8 affidavit	\$ 100	\$ 90,000	\$ 143,700
7208	Filing \$15 affidavit, per class	\$ 200	\$ 19,323,200	\$ 17,884,600
7210	Publication of mark under §12(c), per class	\$ 100	\$ -	\$ -
7211	Issuing new certificate of registration	\$ 100	\$ -	\$ 100
7212	Certificate of correction, registrant's error	\$ 100	\$ 168,600	\$ 437,800
7213	Filing disclaimer to registration	\$ 100	\$ -	\$ -

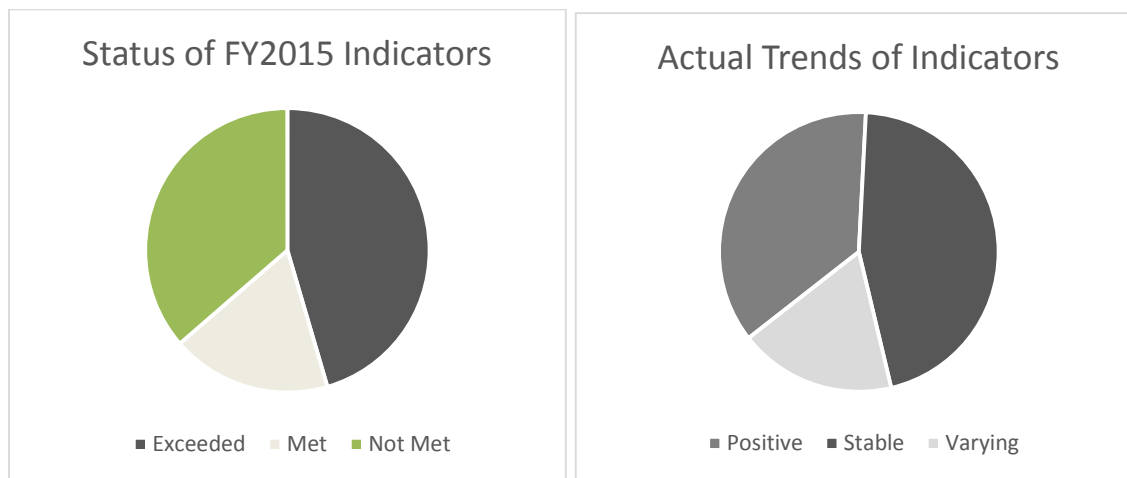
Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
7214	Filing amendment to registration	\$ 100	\$ 72,400	\$ 6,500
<b>Total Maintaining Exclusive Rights Fees</b>			<b>\$ 61,489,200</b>	<b>\$ 63,757,100</b>
<b>Intent to Use/Use Fees:</b>				
6002	Filing an Amendment to Allege Use under §1(c), per class	\$ 100	\$ 17,200	\$ 11,400
6003	Filing a Statement of Use under §1(d)(1), per class	\$ 100	\$ 104,800	\$ 86,400
6004	Filing a Request for a Six-month Extension of Time for Filing a Statement of Use under §1(d)(1), per class	\$ 150	\$ 109,650	\$ 171,450
7002	Filing an Amendment to Allege Use under §1(c), per class	\$ 100	\$ 844,900	\$ 828,000
7003	Filing a Statement of Use under §1(d)(1), per class	\$ 100	\$ 10,371,400	\$ 9,816,700
7004	Filing a Request for a Six-month Extension of Time for Filing a Statement of Use under §1(d)(1), per class	\$ 150	\$ 36,450,750	\$ 34,610,100
<b>Total Intent to Use/Use Fees</b>			<b>\$ 47,898,700</b>	<b>\$ 45,524,050</b>
<b>Madrid Protocol Fees:</b>				
6901	Certifying an International application based on single application or registration, per class	\$ 100	\$ 1,000	\$ 2,100
6902	Certifying an International application based on more than one basic application or registration, per class	\$ 150	\$ -	\$ -
6903	Transmitting a Request to Record an Assignment or restriction under 7.23 or 7.24	\$ 100	\$ 400	\$ 100
6904	Filing a Notice of Replacement, per class	\$ 100	\$ -	\$ -
6907	Transmitting a subsequent designation	\$ 100	\$ -	\$ 400
6908	Correcting a deficiency in an affidavit under 71 of the Act	\$ 100	\$ -	\$ -
7901	Certifying an International application based on single application or registration, per class	\$ 100	\$ 991,300	\$ 1,066,200
7902	Certifying an International application based on more than one basic application or registration, per class	\$ 150	\$ 253,050	\$ 258,750
7903	Transmitting a Request to Record an Assignment or restriction under 7.23 or 7.24	\$ 100	\$ 1,000	\$ -
7904	Filing a Notice of Replacement, per class	\$ 100	\$ 2,500	\$ 900
7907	Transmitting a subsequent designation	\$ 100	\$ 110,200	\$ 126,100
7908	Correcting a deficiency in an affidavit under 71 of the Act	\$ 100	\$ -	\$ 2,100
6905	Filing an affidavit under 71 of the Act, per class	\$ 100	\$ -	\$ 8,200
6906	Surcharge for filing affidavit under 71 of the Act during grace period, per class	\$ 100	\$ -	\$ 100
7905	Filing an affidavit under 71 of the Act, per class	\$ 100	\$ 674,400	\$ 938,200
7906	Surcharge for filing affidavit under 71 of the Act during grace period, per class	\$ 100	\$ 103,800	\$ 171,200
<b>Total Madrid Protocol Fees</b>			<b>\$ 2,137,650</b>	<b>\$ 2,574,350</b>
<b>Trademark Trial and Appeal Board:</b>				
6401	Petition for cancellation, per class	\$ 300	\$ 23,995	\$ 25,500
6402	Notice of opposition, per class	\$ 300	\$ 51,600	\$ 24,900
6403	Ex parte appeal, per class	\$ 100	\$ 19,700	\$ 8,000
7401	Petition for cancellation, per class	\$ 300	\$ 775,800	\$ 884,400
7402	Notice of opposition, per class	\$ 300	\$ 2,528,400	\$ 2,354,100
7403	Ex parte appeal, per class	\$ 100	\$ 473,900	\$ 398,600
<b>Total Trademark Trial and Appeal Board Fees</b>			<b>\$ 3,873,395</b>	<b>\$ 3,695,500</b>

Fee Code	Fee Title	Fee Rates	President's Budget	
			Planned Fee Collections	Actual Fee Collections
<b>Other Trademark Fees:</b>				
6991	Recordal application fee	\$ 20	\$ -	\$ 780
6992	Renewal application fee	\$ 20	\$ -	\$ 560
6993	Late fee for renewal application	\$ 20	\$ -	\$ 80
6994	Application fee for reactivation of insignia, per request	\$ 20	\$ -	\$ 20
6999	Trademark Unassigned Fees	\$ -	\$ 250,000	\$ (2,343)
7932	Renewal Fee Filed at WIPO	\$ 400	\$ 725,200	\$ 2,645,200
9990	International Bureau Unassigned Fees	\$ -	\$ 5,000	\$ 128,900
8501	Printed copy of registered mark, delivery by USPS, USPTO Box, or electronic means	\$ 3	\$ 261	\$ 405
8503	Certified copy of registered mark, with title and/or status, regular service	\$ 15	\$ 123,480	\$ 127,095
8504	Certified copy of registered mark, with title and/or status, expedited local service	\$ 30	\$ 71,490	\$ 76,320
8507	Certified copy of trademark application as filed	\$ 15	\$ 332,820	\$ 372,300
8508	Certified or uncertified copy of trademark-related file wrapper and contents	\$ 50	\$ 76,550	\$ 53,850
8513	Certified or uncertified copy of trademark document, unless otherwise provided	\$ 25	\$ 10,350	\$ 9,400
8514	For assignment records, abstracts of title and certification per registration	\$ 25	\$ 6,250	\$ 15,925
8521	Recording trademark assignment, agreement or other paper, first mark per document	\$ 40	\$ 1,300,440	\$ 1,446,240
8522	For second and subsequent marks in the same document	\$ 25	\$ 4,562,825	\$ 5,183,250
8523	Labor charges for services, per hour or fraction thereof	\$ 40	\$ 14,360	\$ 9,440
8524	Unspecified other services, excluding labor	\$ -	\$ 575	\$ 1,200
8531	Trademark Computer Records	\$ -	\$ -	\$ -
8901	REPS	\$ -	\$ 4,069	\$ 2,706
8902	Self Service Copy Charge, per Page	\$ 0	\$ 8,098	\$ 6,198
8904	Annual Library Subscription	\$ 50	\$ 1,650	\$ 1,759
<b>Total Other Trademark Fees</b>			<b>\$ 7,493,418</b>	<b>\$ 10,079,286</b>
<b>Trademark Processing Fees:</b>				
6005	Petitions to the Director (Paper Correspondence)	\$ 100	\$ 24,700	\$ 18,500
7005	Petitions to the Director (Electronic Correspondence)	\$ 100	\$ 2,441,800	\$ 2,060,000
<b>Total Trademark Processing Fees</b>			<b>\$ 2,466,500</b>	<b>\$ 2,078,500</b>
<b>Finance Service Fees</b>				
9101	Processing Each Payment Refused or Charged Back	\$ 50	\$ 600	\$ 4,087
9201	Establish or Reinstate Deposit Account	\$ 10	\$ 290	\$ 298
9202	Service Charge for Below Minimum Balance on Deposit Accounts	\$ 25	\$ 9,925	\$ 8,519
9209	Partial service charge for closing a deposit account	\$ -	\$ 226	\$ 166
<b>Total Finance Service Fees</b>			<b>\$ 11,041</b>	<b>\$ 13,071</b>
<b>Total Trademark Fees</b>			<b>\$ 259,132,975</b>	<b>\$ 272,637,497</b>

## Appendix VIII - FY 2017 Performance Planning and FY 2015 Reporting Backup

### *U.S. Patent and Trademark Office*

#### Performance Indicator Information



#### Summary of Performance

- A total of 11 indicators; 5 (45%) were exceeded, 2 (18%) was met, and 4 (36%) were not met
- A total of 11 indicators had trends (more than three years of data); and,
- Of those 11 indicators with trends, 2 (18%) were varying, 4 (36%) were positive, and 5 (45%) were stable.

**Summary of FY 2015 Indicator Performance**

Indicator	Target	Actual	Status	Trend
Number of Foreign Government Officials Trained on Best Practices to Protect and Enforce Intellectual Property	6,300	5,283	Not Met	Varying
Patent Average First Action Pendency (Months)	15.7	17.3	Not Met	Positive
Patent Average Total Pendency (Months)	26.4	26.6	Met	Positive
Patent UPR Unexamined Application Backlog	534,900	553,221	Not Met	Positive
Patent Quality Composite Score	100	42.9	Not Met	Varying
Trademark Average First Action Pendency (Months)	2.5-3.5	2.9	Met	Stable
Trademark Average Total Pendency (Months)	12.0	10.1	Exceeded	Stable
Trademark First Action Compliance Rate (Percent)	95.5	96.7	Exceeded	Stable
Trademark Final Compliance Rate (Percent)	97.0	97.6	Exceeded	Stable
Trademark Exceptional Office Action (Percent)	36.0	48.3	Exceeded	Positive
Percentage of prioritized countries for which country teams have implemented at least 75 percent of action steps in the country-specific action plans toward progress along following dimensions: <ol style="list-style-type: none"> <li>1. Institutional improvements of IP office administration for advancing IPR</li> <li>2. Institutional improvements of IP enforcement entities</li> <li>3. Improvements in IP laws and regulations</li> <li>4. Establishment of government-to-government cooperative mechanisms</li> </ol>	75.0	100.0	Exceeded	Stable



Detailed Indicator Plans and Performance

Strategic Goal 1	Trade and Investment: Expand the U.S. economy through increased exports and inward foreign investment that lead to more and better American jobs.							
Objective 1.1	Increase opportunities for U.S. companies by opening markets globally.							
Indicator	NUMBER OF FOREIGN GOVERNMENT OFFICIALS TRAINED ON BEST PRACTICES TO PROTECT AND ENFORCE INTELLECTUAL PROPERTY							
Category	Key							
Type	Output							
Description	The Global Intellectual Property Academy (GIPA) offers training programs on protection, utilization and enforcement of IP rights, patents, trademarks, and copyrights. It is through the GIPA training programs that the USPTO is instrumental in achieving its objectives of advancing IP right policies and halting IP theft.							
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target					4,300	6,300	5,000	5,500
Actual		4,338	9,217	7,078	4,960	5,283		
Status					Met	Not Met		
Trend	The trend line indicates that the performance trend is variable with significant variability of the direction of the trend line in predicting future results.							
Explanation (if not met in FY 2015)	Various complicating factors in FY 2015 hindered GIPA's ability to train foreign government officials as it had planned. In Q4 of FY 2015, GIPA hired a Training Administrator who will assist GIPA/OPIA in supplementing its training in the field and expanding its outreach with additional online training modalities.							
Actions to be taken / Future Plans	Continue to promote the protection and enforcement of IP of American innovators and creators on both the domestic and international levels.							
Adjustments to targets	None.							
Notes	USPTO had actual information for this indicator from FY 2011 to FY 2013, it did not use this as a GPRA indicator until FY 2014 and thus did not have targets for FY 2011 to FY 2013.							
Information Gaps	None							

Strategic Goal 2	Innovation: Foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies.							
Objective 2.3	Catalyze innovation ecosystems.							
Indicator	PATENT AVERAGE FIRST ACTION PENDENCY (MONTHS)							
Category	Key							
Type	Outcome							
Description	This measure indicates the average time from the Utility, Plant and Reissue (UPR) application filing date to the date of mailing the First Office action. The measure is based on a three-month rolling time period. This is one of the two primary measures to track timeliness in the Patent organization.							
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	25.4	23.0	22.6	18.0	17.4	15.7	14.8	13.7
Actual	25.7	28.0	21.9	18.2	18.4	17.3		
Status	Not Met	Not Met	Exceeded	Not Met	Met	Not Met		
Trend	The trend line indicates that the performance trend is positive with some variability of the direction of the trend line in predicting future results.							
Explanation (if not met in FY 2015)	The successful completion of the RCE backlog reduction efforts in FY 2014, and the successful implementation of the CPC system in January 2015 enabled the USPTO to shift examination priorities back towards the unexamined patent application backlog; however, the age of applications awaiting the initial communication to the applicant from the patent examiner continued to rise during this timeframe, thus ultimately impacting the average first action pendency. Did not meet annual target; however, the USPTO is on track to attain its long-term goal of 10 month first action pendency and 20 month total pendency by FY 2019.							
Actions to be taken / Future Plans	The FY 2017 budget plans modify the hiring plans shown in the FY 2016 Budget. Under the revised plans, the Patent organization will continue its soft landing to achieve a patent examiner staffing level that is aligned with an ideal backlog and steady state pendency levels. This will be done by hiring 275 patent examiners in FY 2016 (a net reduction of 145 after attrition) [275 hires -420 attritions = 145 net examiners.] In FY 2017, the new hires will be 300 or 74 fewer than projected attritions. This change, coupled with leveraging the nationwide workforce and continuing to use overtime and incentives to increase production, will enable the USPTO to achieve an optimal working level inventory of unexamined patent applications, and achieve its performance targets of 10 months for first action pendency and 20 months for total patent pendency in FY 2019. This will meet stakeholder expectations and also allow the Office to effectively align the demands of incoming workload with production capacity.							
Adjustments to targets	Reducing patent pendency and the backlog of unexamined patent applications is an Agency Priority Goal. We continue to make progress in reducing patent pendency and will continue, with stakeholder input, to modify long-term Patent plans as needed.							
Notes	None							
Information Gaps	None							

Strategic Goal 2	Innovation: Foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies.							
Objective 2.3	Catalyze innovation ecosystems.							
Indicator	PATENT AVERAGE TOTAL PENDENCY (MONTHS)							
Category	Key							
Type	Outcome							
Description	Patent total pendency is the average time in months for a complete review of a UPR patent application, from the filing date to issue or abandonment of the application. The measure is based on a three-month rolling time period. This is one of the two primary measures to track timeliness in the Patent organization. Requests for Continued Examination (RCEs) are not included.							
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	34.8	34.5	34.7	30.1	26.7	26.4	25.4	22.9
Actual	35.3	33.7	32.4	29.1	27.4	26.6		
Status	Not Met	Exceeded	Exceeded	Exceeded	Met	Met		
Trend	The trend line indicates that the performance trend is positive with little variability of the direction of the trend line in predicting future results. However, the trend line from 2000 to 2010 was negative.							
Explanation (if not met in FY 2015)	The successful completion of the RCE backlog reduction efforts in FY 2014, and the successful implementation of the CPC system in January 2015 enabled the USPTO to shift examination priorities back towards the unexamined patent application backlog; however, the age of applications awaiting the initial communication to the applicant from the patent examiner continued to rise during this timeframe, thus ultimately impacting the average total pendency. Did not meet annual target; however, the USPTO is on track to attain its long-term goal of 10 month first action pendency and 20 month total pendency by FY 2019.							
Actions to be taken / Future Plans	The FY 2017 budget plans modify the hiring plans shown in the FY 2016 Budget. Under the revised plans, the Patent organization will continue its soft landing to achieve a patent examiner staffing level that is aligned with an ideal backlog and steady state pendency levels. This will be done by hiring 275 patent examiners in FY 2016 (a net reduction of 145 after attrition). In FY 2017, the new hires will be 300 or 74 fewer than projected attritions. This change, coupled with leveraging the nationwide workforce and continuing to use overtime and incentives to increase production, will enable the USPTO to achieve an optimal working level inventory of unexamined patent applications, and achieve its performance targets of 10 months for first action pendency and 20 months for total patent pendency in FY 2019. This will meet stakeholder expectations and also allow the Office to effectively align the demands of incoming workload with production capacity.							
Adjustments to targets	Reducing patent pendency and the backlog of unexamined patent applications is an Agency Priority Goal. We continue to make progress in reducing patent pendency and will continue to modify long-term Patent plans as needed.							
Notes	None							
Information Gaps	None							

Strategic Goal 2	Innovation: Foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies.							
Objective 2.3	Catalyze innovation ecosystems.							
Indicator	PATENT QUALITY INDEX REPORT							
Category	Key							
Type	Outcome							
Description	This metric measures the degree to which patent examiner behaviors in the prosecution of all patent applications reveals trends indicative of quality concerns.							
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target							94.0	94.0
Actual	Not Available	89.5	89.8	90.8	88.3 – 94.0	94.0		
Status								
Trend	The trend line indicates that the performance trend is positive with some variability of the direction of the trend line in predicting future results.							
Explanation (if not met in FY 2015)	N/A							
Actions to be taken / Future Plans	Quality and training are an integral part of the examination process, and include initiatives focused on pendency reduction based on revised performance plans.							
Adjustments to targets	As part of its quality initiatives, the USPTO will define and introduce revised quality metrics based on stakeholder input by September 2017.							
Notes	The Quality Index Report measure was a subcomponent of the Patent Quality Composite Score measure previously reported. The USPTO will define and introduce revised quality metrics based on stakeholder input by September 2017. USPTO will be reporting the Quality Index Report measure until the revised quality metrics are introduced.							
Information Gaps	None							

Strategic Goal 2	Innovation: Foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies.							
Objective 2.3	Catalyze innovation ecosystems.							
Indicator	TRADEMARK AVERAGE FIRST ACTION PENDENCY (MONTHS)							
Category	Supporting (Non-Strategic Plan)							
Type	Outcome							
Description	This measure reflects the timeliness of the first office action as measured from the date of application filing (or notification date for 66(a) filings) to the first office action in months.							
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5
Actual	2.7	3.0	3.1	3.2	3.1	2.9		
Status	Met	Met	Met	Met	Met	Met		
Trend	The trend line indicates that the performance trend is maintaining standards with slight variability of the direction of the trend line in predicting future results.							
Explanation (if not met in FY 2015)	Met FY 2015 annual target.							
Actions to be taken / Future Plans	Filings of new applications are expected to increase between 6 to 8 percent over the next five years. To handle the expected increase in workloads, the Trademark organization plans to increase examination staff by a net total of 63 new examining attorney positions, as well as support and specialized positions. Offsetting the incremental costs, the Office expects to manage overtime usage due to timely hiring and by setting appropriate levels of production incentives.							
Adjustments to targets	None							
Notes	None							
Information Gaps	None							

Strategic Goal 2	Innovation: Foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies.							
Objective 2.3	Catalyze innovation ecosystems.							
Indicator	TRADEMARK AVERAGE TOTAL PENDENCY (MONTHS)							
Category	Supporting (Non-Strategic Plan)							
Type	Outcome							
Description	This measure reflects the timeliness of the disposal of a trademark application. It is measured from the date of filing to date of registration, abandonment or issuance of a notice of allowance, excluding applications that are suspended, awaiting further action, or involved in inter partes proceedings.							
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	13.0	12.5	12.0	12.0	12.0	12.0	12.0	12.0
Actual	10.5	10.5	10.2	10.0	9.8	10.1		
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded		
Trend	The trend line indicates that the performance trend is maintaining standards with slight variability of the direction of the trend line in predicting future results.							
Explanation (if not met in FY 2015)	Met FY2015 annual target.							
Actions to be taken / Future Plans	Filings of new applications are expected to increase between 6 to 8 percent over the next five years. To handle the expected increase in workloads, the Trademark organization plans to increase examination staff by a net total of 63 new examining attorney positions, as well as support and specialized positions. Offsetting the incremental costs, the Office expects to manage overtime usage due to timely hiring and by setting appropriate levels of production incentives.							
Adjustments to targets	None							
Notes	None							
Information Gaps	None							

Strategic Goal 2	Innovation: Foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies.							
Objective 2.3	Catalyze innovation ecosystems.							
Indicator	TRADEMARK FIRST ACTION COMPLIANCE RATE (PERCENT)							
Category	Supporting (Non-Strategic Plan)							
Type	Outcome							
Description	This measure is the percentage of applications reviewed meeting the criteria for decision making conducted on random sample of applications including first office actions to determine the soundness of decision-making under the Trademark Act.							
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	95.5	95.5	95.5	95.5	95.5	95.5	95.5	95.5
Actual	96.6	96.5	96.2	96.3	95.8	96.7		
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded		
Trend	The trend line indicates that the performance trend is maintaining standards with slight variability of the direction of the trend line in predicting future results.							
Explanation (if not met in FY 2015)	Met FY 2015 annual target.							
Actions to be taken / Future Plans	Under the quality assurance program the results of an examiner's first and final office action are reviewed for the quality of the substantive basis for decision making, search strategy, evidence, and writing. Based on the data collected from those reviews, the Office has targeted both electronic and traditional training initiatives addressing specific problem areas. This program also provides prompt feedback to examining attorneys when their work products are reviewed.							
Adjustments to targets	None							
Notes	None							
Information Gaps	None							

Strategic Goal 2	Innovation: Foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies.							
Objective 2.3	Catalyze innovation ecosystems.							
Indicator	TRADEMARK FINAL COMPLIANCE RATE (PERCENT)							
Category	Supporting (Non-Strategic Plan)							
Type	Outcome							
Description	This measure is the percentage of evaluations meeting the criteria for decision making conducted on a random sample of applications that received a final decision regarding registrability (i.e., registration eligibility) under the Trademark Act either by approval or final refusal.							
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0
Actual	96.8	97.0	97.1	97.1	97.2	97.6		
Status	Not Met	Met	Exceeded	Exceeded	Exceeded	Exceeded		
Trend	The trend line indicates that the performance trend is maintaining standards with slight variability of the direction of the trend line in predicting future results.							
Explanation (if not met in FY 2015)	Met FY 2015 annual target.							
Actions to be taken / Future Plans	Under the quality assurance program the results of an examiner's first and final office action are reviewed for the quality of the substantive basis for decision making, search strategy, evidence, and writing. Based on the data collected from those reviews, the Office has targeted both electronic and traditional training initiatives addressing specific problem areas. This program also provides prompt feedback to examining attorneys when their work products are reviewed.							
Adjustments to targets	None							
Notes	None							
Information Gaps	None							



Strategic Goal 2	Innovation: Foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies.							
Objective 2.3	Catalyze innovation ecosystems.							
Indicator	TRADEMARK EXCEPTIONAL OFFICE ACTION (PERCENT)							
Category	Supporting (Non-Strategic Plan)							
Type	Outcome							
Description	This measure is the percentage of evaluations exceeding the statutory requirement decision making conducted on a random sample of applications that received a first office action regarding registrability under the Trademark Act.							
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target		15.0	20.0	23.0	28.0	36.0	37.0	37.0
Actual		23.6	26.1	35.1	43.0	48.3		
Status		Exceeded	Exceeded	Exceeded	Exceeded	Exceeded		
Trend	The trend line indicates that the performance trend is positive with slight variability of the direction of the trend line in predicting future results.							
Explanation (if not met in FY 2015)	Met FY 2015 annual target.							
Actions to be taken / Future Plans	Under the quality assurance program the results of an examiner's first and final office action are reviewed for the quality of the substantive basis for decision making, search strategy, evidence, and writing. Based on the data collected from those reviews, the Office has targeted both electronic and traditional training initiatives addressing specific problem areas. This program also provides prompt feedback to examining attorneys when their work products are reviewed.							
Adjustments to targets	None							
Notes	None							
Information Gaps	None							

Strategic Goal 2	Innovation: Foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies.							
Objective 2.3	Catalyze innovation ecosystems.							
Indicator	PERCENTAGE OF PRIORITIZED COUNTRIES FOR WHICH COUNTRY TEAMS HAVE IMPLEMENTED AT LEAST 75 PERCENT OF ACTION STEPS IN THE COUNTRY-SPECIFIC ACTION PLANS TOWARD PROGRESS ALONG FOLLOWING DIMENSIONS: 1. INSTITUTIONAL IMPROVEMENTS OF IP OFFICE ADMINISTRATION FOR ADVANCING IPR 2. INSTITUTIONAL IMPROVEMENTS OF IP ENFORCEMENT ENTITIES 3. IMPROVEMENTS IN IP LAWS AND REGULATIONS 4. ESTABLISHMENT OF GOVERNMENT-TO-GOVERNMENT COOPERATIVE MECHANISMS							
Category	Key							
Type	Outcome							
Description	Tracks the USPTO's efforts in relation to prioritizing countries of interest for purposes of improved IP protection and enforcement, capacity building, and legislative reform, including creation of country/region strategic plans and specific action plans.							
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Target	50.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
Actual	75.0	100.0	75.0	100.0	100.0	100.0		
Status	Exceeded	Exceeded	Met	Exceeded	Exceeded	Exceeded		
Trend	The trend line indicates that the performance trend is maintaining standards with significant variability of the direction of the trend line in predicting future results.							
Explanation (if not met in FY 2015)	Met FY 2015 annual target.							
Actions to be taken / Future Plans	Continue to promote the protection and enforcement of IP of American innovators and creators on both the domestic and international levels.							
Adjustments to targets	None							
Notes	None							
Information Gaps	None							

Non-Recurring Indicators

Indicator	PATENT QUALITY COMPOSITE SCORE					
Description	These metrics are measures of the propriety of the final disposition of individual applications, i.e., allowance or final rejection; the propriety of the actions taken during the course of examination in individual applications, i.e., first and subsequent actions on the merits by examiners; the degree to which the initial search performed by the examiner and the First Action on the Merits (FAOM) conforms with the best practices of the USPTO; the degree to which patent examiner behaviors in the prosecution of all patent applications reveals trends indicative of quality concerns; the degree to which the experience of examiners reveals trends and issues indicative of quality concerns. The overall Quality Composite is a weighted combination of these seven components. As part of its quality initiatives, the USPTO will define and introduce revised quality metrics based on stakeholder input by September 2017.					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target			48 - 56	65 - 73	83 - 91	100
Actual		30.7	72.4	71.9	75.0	42.9
Status	<i>Not available</i>	<i>Not available</i>	Exceeded	Met	Not Met	Not Met
Trend	The trend line indicates that the performance trend is positive with some variability of the direction of the trend line in predicting future results.					
Explanation (if not met in FY 2015)	The substantial drop in the composite score from FY 2014 is not the result of a single factor, rather, it is a cumulative effect of small, less-significant changes for all of the subcomponents that make up the composite score. The largest declines come from the final disposition compliance rate and the internal quality survey: both of these items were at or near stretch goal levels in Fourth Quarter, FY 2014 and the subsequent declines. Although rather minor in numerical values, they had a somewhat exaggerated effect on the composite, as the overall composite score reacts sharply when it is at or near stretch goal levels for a particular component. This sensitivity, which may not mirror the true performance of the composite subcomponents, is one of the key reasons the composite is being revisited for FY 2016.					
Notes	None					

Indicator	PATENT UPR UNEXAMINED APPLICATION BACKLOG					
Description	The unexamined patent application backlog is the number of new utility, plant, and reissue (UPR) patent applications in the pipeline at any given time which are awaiting a First Office Action by the patent examiner. Continuation, continuation-in-part, and divisional applications are included in the total. The Patent UPR unexamined application backlog measure is a supporting indicator and will continue to be reported in the Budget at a Glance table within the budget document.					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	722,100	659,000	615,300	566,800	593,700	534,900
Actual	708,535	669,625	608,283	584,998	605,646	553,221
Status	Exceeded	Not Met	Exceeded	Not Met	Met	Met
Trend	The trend line indicates that the performance trend is positive with little variability of the direction of the trend line in predicting future results.					
Explanation (if not met in FY 2015)	The temporary redirection of resources to address our stakeholders' concerns regarding the RCE backlog hampered the USPTO's ability to reduce the unexamined patent application backlog and achieve its pendency target.					
Notes	None					

## Resource Requirements Table

Strategic Goal 2	Innovation: Foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies.							
Objective 2.3	Catalyze innovation ecosystems.							
<i>(Dollars in thousands)</i>	<b>FY 2010 Actual</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Actual</b>	<b>FY 2016 Estimate</b>	<b>FY 2017 Request</b>
<b>USPTO GOAL 1: OPTIMIZE PATENT QUALITY AND TIMELINESS</b>								
Amount	1,707,211	1,917,892	2,112,770	2,231,380	2,685,191	2,804,329	2,880,381	2,887,575
Full Time Equivalent (FTE)	8,446	9,050	9,519	10,105	10,874	11,377	11,529	11,518
<b>USPTO GOAL 2: OPTIMIZE TRADEMARK QUALITY AND TIMELINESS</b>								
Amount	183,034	199,343	216,895	211,447	262,802	312,335	290,457	292,887
FTE	840	819	823	859	888	942	1,039	1,123
<b>USPTO GOAL 3: PROVIDE DOMESTIC AND GLOBAL LEADERSHIP TO IMPROVE INTELLECTUAL PROPERTY POLICY, PROTECTION AND ENFORCEMENT WORLDWIDE</b>								
Amount	48,713	43,660	45,089	46,441	49,464	59,420	60,402	53,393
FTE	145	122	127	140	131	150	189	194
Amounts not Supporting Goals*	0	0	1,000	2,000	2,000	2,000	2,000	2,000
USPTO Requirements	1,938,958	2,160,895	2,237,754	2,491,268	2,999,457	3,178,085	3,233,240	3,245,855
FTE	9,430	9,991	10,469	11,104	11,894	12,469	12,757	12,835
Fee Collections	2,068,543	2,303,656	2,406,826	2,815,701	3,172,236	3,008,756	3,088,812	3,321,024
Other Income/Recoveries	26,939	21,125	29,096	27,718	35,887	22,657	32,257	22,257
Funding to(-) / from(+) Operating Reserve	(156,524)	(163,886)	(60,168)	(352,151)	(208,666)	146,672	112,171	(97,427)
<b>TOTAL FUNDING</b>	<b>1,938,958</b>	<b>2,160,895</b>	<b>2,375,754</b>	<b>2,491,268</b>	<b>2,999,457</b>	<b>3,178,085</b>	<b>3,233,240</b>	<b>3,245,855</b>

\* Amounts transferred to the Department of Commerce Office of the Inspector General.

Due to rounding, numbers presented in tables throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## Appendix IX - Glossary of Acronyms and Abbreviation List

Acronym	Definition
ABI	Activity Based Information
AIA	America Invents Act
AIS	Automated Information Systems
APJs	Administrative Patent Judges
ATJs	Administrative Trademark Judges
BC/BDR	Business Continuity and Disaster Recovery
BPAG	Budget and Performance-at-a-Glance
CAFC	United States Court of Appeals for the Federal Circuit
CIF	Capital Improvement Fund
COTS	Commercial-Off-The-Shelf
CPC	Cooperative Patent Classification
CPIC	Capital Planning and Investment Control
DAV	Docket and Application Viewer
DOC	Department of Commerce
EEO	Equal Employment Opportunity
EO	Executive Order
EPO	European Patent Office
EPQI	Enhanced Patent Quality Initiative
FAB	Financial Advisory Board
FAOM	First Action on the Merits
FPNG	Fee Processing Next Generation
FTE	Full-Time Equivalent
FY	Fiscal Year
GIPA	Global Intellectual Property Academy
GSA	General Services Administration
IP	Intellectual Property
IP5	The Five IP Offices: USPTO, EPO, JPO, KIPO, SIPO
IP PP&E	Intellectual Property Policy, Protection and Enforcement
IPR	Intellectual Property Rights
IR	Information Resources
IT	Information Technology
MGE	Miscellaneous General Expense
O&M	Operations and Maintenance
OAS	Office of Administrative Services
OCIO	Office of the Chief Information Officer
OED	Office of Enrollment and Discipline
OGC	Office of the General Counsel
OIG	Office of the Inspector General
OMB	Office of Management and Budget

<b>Acronym</b>	<b>Definition</b>
OPIA	Office of Policy and International Affairs
OPM	Office of Personnel Management
PALM	Patent Application Location Monitor
PCT	Patent Cooperation Treaty
PE2E	Patents End-to-End
PETTP	Patent Examiner Technical Training Program
PPAC	Patent Public Advisory Committee
PPH	Patent Prosecution Highway
PTAB	Patent Trial and Appeal Board
PTAB E2E	PTAB End-to-End
PTFRF	Patent and Trademark Fee Reserve Fund
RCE	Request for Continued Examination
RGDP	Real Gross Domestic Product
SO	Office of the Solicitor
TEAS	Trademark Electronic Application System
TMNG	Trademark Next Generation
TPAC	Trademark Public Advisory Committee
TTAB	Trademark Trial and Appeal Board
U.S.	United States
UPR	Utility, Plant and Reissue
USG	U. S. Government
USPTO	United States Patent and Trademark Office
USTR	United States Trade Representative
WIPO	World Intellectual Property Organization
WTO	World Trade Organization
XML	eXtensible Markup Language