

United States Patent and Trademark Office



USPTO

Fiscal Year 2015

**President's Budget Submission/
Congressional Justification**

**FISCAL YEAR 2015 PRESIDENT'S BUDGET:
The USPTO Congressional Budget Justification**

March 13, 2014

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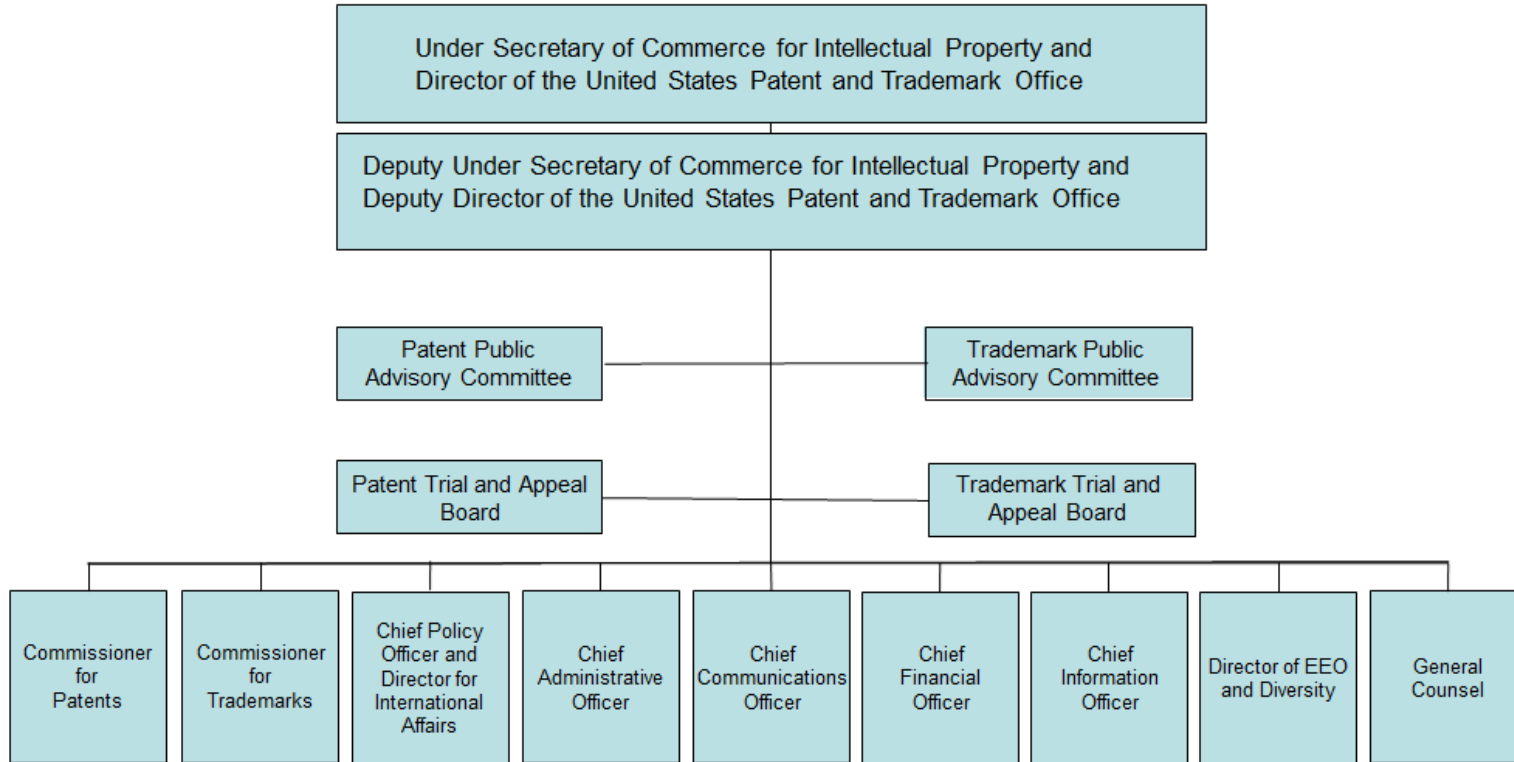
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INTRODUCTION

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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 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 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 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 FY 2015, the USPTO is expected to employ approximately 13,600 federal employees including patent examiners, trademark examining attorneys, computer scientists, attorneys, and administrative staff.

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

In FY 2013, the USPTO was ranked #1 out of 300 agency subcomponents in the 2013 Best Places to Work in the Federal Government[®] report of the non-profit Partnership for Public Service.

The USPTO is headquartered in Alexandria, Virginia. In FY 2012, the USPTO opened a satellite office in Detroit, Michigan, and identified three other sites in Dallas, Texas, Denver, Colorado, and Silicon Valley, California. While the USPTO has been operating from temporary spaces at these three locations, efforts to move into permanent space were delayed due to budget constraints in FY 2013. However, the USPTO plans to complete and occupy permanent office space in Denver in July 2014, and thereafter in Dallas and Silicon Valley. In addition to these spaces, the USPTO also has two storage facilities located in Virginia and Pennsylvania.

The USPTO's legislative authorities are included in Exhibit 32 (page 143).

Exhibit 3 – Executive Summary

With full access to its fee collections to offset its funding requirements, the USPTO's FY 2015 appropriation would be \$0.

For FY 2015, the USPTO requests the authority to spend fee collections of \$3.4 billion, which will fund daily operating requirements of \$3.2 billion and 13,203 full-time equivalents (FTE), and a deposit of \$270.4 million in the Office's operating reserve after adjusting for \$21.8 million in other income (e.g., from prior year recoveries, joint project reimbursements, etc.). At this FY 2015 funding level, the Office will continue implementing its *2014-2018 Strategic Plan* which highlights the following priorities:

- 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.
- Increase efficiencies and examination capacity, such as hiring and retaining a nationwide workforce.
- Enhance patent and trademark quality by maintaining and improving quality measurement, and maximizing its usage to improve the quality of patent and trademark examination.
- Increase the Patent Trial and Appeal Board's (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 information technology (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 the transition to a sustainable funding model.
- Implement White House Executive Actions to improve the environment for future innovation.

FY 2015 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 client. 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; and 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 major business units, such as Patents and Trademarks. 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 BPAG Chart that follows summarizes the USPTO's FY 2015 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 that are reported externally, and those that are used for internal management purposes. Current performance information can be found at the Data Visualization Center at www.USPTO.gov.

The BPAG Chart also shows the estimated funding requirements and FTE for FY 2015 and the out years, along with the projected fee collections and deposits to the operating reserves.

USPTO FY 2015 Budget and Performance-at-a-Glance

<i>(Dollars in thousands)</i>	FY 2013	FY 2014 President's Budget	FY 2014 Current Plan **	FY 2015 President's Budget	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
USPTO GOAL 1: OPTIMIZE PATENT QUALITY AND TIMELINESS								
Amount	2,231,380	2,697,358	2,615,028	2,850,075	2,935,771	2,984,623	3,089,690	3,186,946
Full Time Equivalent (FTE)	10,105	11,508	11,130	12,029	12,262	12,137	12,101	12,151
Utility, Plant and Reissue (UPR) Applications Filed	566,399	586,800	603,100	639,300	671,300	704,800	740,100	777,100
UPR Applications Filed – Percent Change Over Previous FY	6.2%	5.0%	6.5%	6.0%	5.0%	5.0%	5.0%	5.0%
Average First Action Pendency/UPR (Months)	18.2	15.8	17.4	15.7	13.9	12.4	11.3	10.9
Average Total Pendency/UPR (Months)	29.1	26.1	26.7	26.4	23.8	22.0	21.0	19.8
Patent Quality Composite Score	71.9	89-91	83-91	100	100	100	100	100
UPR Examiners On-Board at End-of-Year	7,928	8,360	8,502	9,013	8,825	8,728	8,726	8,815
UPR First Actions	595,173	655,200	591,100	694,700	720,600	722,100	734,600	746,000
UPR Disposals	566,705	655,200	557,000	654,600	692,600	722,100	734,600	746,000
UPR Units of Production	580,939	655,200	574,000	674,600	706,600	722,100	734,600	746,000
Total Cost Per Patent Production Unit	\$3,894	\$3,878	\$4,629	\$4,294	\$4,222	\$4,200	\$4,272	\$4,338
UPR Issues	267,900	313,700	282,400	312,500	335,500	347,900	354,000	355,600
UPR Unexamined Patent Application Backlog	584,998	486,500	593,700	534,900	476,000	444,700	435,300	450,700
Forward Looking First Action Pendency/UPR (Months)	16.5	15.5	14.1	12.3	11.0	10.2	10.0	10.4
USPTO GOAL 2: OPTIMIZE TRADEMARK QUALITY AND TIMELINESS								
Amount	211,447	265,370	272,936	274,134	273,455	282,514	291,257	301,475
FTE	859	957	939	990	1,034	1,081	1,127	1,172
Applications Received (Includes Extra Classes)	433,654	456,000	455,000	481,000	517,000	558,000	599,000	638,000
Exceptional Office Action rate	35.1%	24.0%	28.0%	30.0%	30.0%	30.0%	30.0%	30.0%
First Action Compliance Rate	96.3%	95.5%	95.5%	95.5%	95.5%	95.5%	95.5%	95.5%
Final Compliance Rate	97.1%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%
Average First Action Pendency (Months)	3.1	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	10.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Balanced Disposals	875,274	914,100	913,500	964,400	1,032,600	1,113,400	1,196,700	1,276,900
Office Disposals	406,775	457,600	449,200	474,300	508,300	548,200	589,100	628,200
Total Cost Per Trademark Production Unit	\$558	\$527	\$648	\$620	\$578	\$553	\$530	\$513
Examining Attorneys On-Board at End-of-Year	409	440	429	452	486	525	559	597

<i>(Dollars in thousands)</i>	FY 2013	FY 2014 President's Budget	FY 2014 Current Plan **	FY 2015 President's Budget	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
USPTO GOAL 3: PROVIDE DOMESTIC AND GLOBAL LEADERSHIP TO IMPROVE INTELLECTUAL PROPERTY POLICY, PROTECTION AND ENFORCEMENT WORLDWIDE								
Amount	46,441	73,626	60,347	66,689	67,509	68,404	69,401	70,427
FTE	140	201	156	184	186	186	186	186
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"> • Institutional improvements of IP office administration • Institutional improvements of IP enforcement entities • Improvements in IP laws and regulations • Establishment of government-to-government cooperative mechanisms 	100.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Percentage of foreign officials trained who have initiated or implemented a positive change in the IP systems in their organization and/or countries	100.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Amounts not Supporting Goals*	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
USPTO Requirements	2,491,268	3,038,354	2,950,311	3,192,898	3,278,735	3,337,540	3,452,348	3,560,849
FTE	11,104	12,667	12,225	13,203	13,481	13,405	13,414	13,509
Fee Collections	2,815,701	3,071,375	3,286,191	3,441,458	3,300,280	3,506,843	3,755,750	3,973,406
Fee Collections – Unavailable	(147,733)	-	-	-	-	-	-	-
Other Income/Recoveries	27,718	29,000	21,800	21,800	21,800	21,800	21,800	21,800
Funding to(-) / from(+) Operating Reserve	(204,418)	(62,021)	(357,680)	(270,360)	(43,345)	(191,103)	(325,202)	(434,357)
TOTAL FUNDING	2,491,268	3,038,354	2,950,311	3,192,898	3,278,735	3,337,540	3,452,348	3,560,849
Operating Reserve: Patents	287,211	165,465	653,849	950,851	1,005,210	1,198,222	1,507,680	1,923,441
Operating Reserve: Trademarks	155,080	116,065	146,121	119,480	108,465	106,556	122,300	140,896

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

** The AIA established a Patent and Trademark Fee Reserve Fund in the Treasury where all patent and trademark fees collected in excess of the USPTO's annual appropriation would be deposited. Such funds would become available to the USPTO via the appropriations process. The FY 2014 Current Plan assumes fee collections of \$262 million above the FY 2014 appropriated amount that would become available to the USPTO in FY 2014.

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.

Note: The USPTO will continue monitoring the growth of the patent operating reserve and consider appropriate actions to reduce that growth once it reaches its optimal level. This could include a review of patent fees, which may lead to regulatory actions to adjust fees to a level that would sustain desired levels for the long term.

FY 2015 Budget Plans: Summary of Requirements

The FY 2015 Budget requirements and performance shown in the BPAG Chart above reflect the significant progress the USPTO has made since the beginning of FY 2010. This progress is linked to successful implementation of the *USPTO 2010-2015 Strategic Plan*, and the implementation of the fee provisions of the *Leahy-Smith America Invents Act (AIA)*. Continuation of this progress is the theme of the *USPTO 2014-2018 Strategic Plan* that is being made available to the public in conjunction with this Budget submission.

The FY 2015 Budget also reflects the financial uncertainty under which the USPTO operated in FY 2013 based on, for example, implementation of a new and untested patent fee schedule, and uncertainties associated with filing behaviors in relation to the implementation of first-inventor-to-file. Such financial uncertainty, as well as other changing circumstances, frequently necessitates recalibration of the USPTO's forecasting and production models, which in turn affect performance commitments. For example, the USPTO has modified its patent hiring plans to reflect less than planned hires in FY 2013 as shown under the Patent Program narrative below.

To fulfill its FY 2015 program plans, described below, the USPTO requests the authority to spend fee collections of \$3.4 billion in FY 2015. This will enable the USPTO to fund daily operating requirements totaling \$3.2 billion and 13,203 full-time equivalents (FTE), and deposit \$270.4 million in the Office's operating reserves after adjusting for \$21.8 million in other income.

Patent Program

Between the end of FY 2009 and the end of FY 2013, the Patent business achieved an 18.6 percent reduction of the unexamined patent application backlog, a 7.6 month reduction in first office action pendency, and a 5.5 month reduction in average total pendency. Similar progress is projected to continue under the *2014-2018 Strategic Plan* and this FY 2015 Budget.

The USPTO revisited its FY 2014-2015 patent examiner hiring plans to reflect changes resulting from financial uncertainty in FY 2013, the results of negotiations with the Patent professional union regarding the implementation of the Cooperative Patent Classification (CPC), and stakeholder input regarding processing times for Requests for Continuing Examination (RCE).

As a result, the USPTO plans to hire 1,000 examiners in each of FY 2014 and FY 2015, compared to the 250 planned hires shown in the FY 2014 President's Budget. This will enable the USPTO to reduce the RCE backlog by approximately 23 percent during FY 2014 and FY 2015, and offset the reduced production resulting from CPC implementation. At the same time, the USPTO will 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.

In addition to hiring patent examiners, the USPTO will continue investing in patent 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. Other FY 2015 funding priorities include addressing workload at the PTAB, and continuing to invest in Patent IT.

The USPTO will continue monitoring the growth of the patent operating reserve and consider appropriate actions to reduce that growth once it reaches its optimal level. This could include a review of patent fees, which may lead to regulatory actions to adjust fees to a level that would sustain desired levels for the long term.

Trademark Program

The USPTO is consistently meeting and exceeding its Trademark 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 11 months, a trademark is registered or an application 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. FY 2015 funds are required to address increased workload for both trademark examination and the Trademark Trial and Appeal Board (TTAB).

Increased use of electronic forms, particularly Trademark Electronic Application System (TEAS) Plus, has improved the efficiency and timeliness of examination. While 36 percent of new application classes are TEAS Plus filings, these applications account for 49 percent of first action approvals. TEAS Plus requires more complete information at filing with an agreement to communicate electronically in return for the lowest cost, making this type of filing the fastest and most cost-effective method to apply for and register a trademark.

As a result of these efficiency improvements, the USPTO solicited public input via a Federal Register notice of inquiry published on August 16, 2012, on the possibility of adjusting trademark application fees, so as to lower the fees for all applicants willing to file and communicate electronically with the USPTO. The efficiencies achieved by trademark electronic filing and communications have put the USPTO in a position to propose a reduction for electronically filed trademark application and renewal fees in a way that further promotes efficiency both for users and the USPTO. The adjustments would be designed to encourage greater efficiency by increasing end-to-end electronic communications.

Intellectual Property 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 United States (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 cost and 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.

Management Program

Information Technology 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 continuous 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 has put considerable strain on the IT infrastructure, which can jeopardize the USPTO's ability to provide timely and quality patents and trademark registrations.

In addition, the USPTO is committed to building a high-quality, efficient, cost-effective end-to-end electronic IT process that equips patent examiners and trademark examining attorneys with the tools needed to efficiently and effectively perform their jobs, and gives 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 routine capital improvements.

A full description of the USPTO's IT activities and the related budget activities can be found in the "USPTO Information Technology Portfolio" section of the Introduction. References to IT projects/funding are included in each of the four Program sections of the FY 2015 Budget.

Sustainable Funding. The USPTO continues to pursue a sustainable funding model that improved with enactment of the AIA, and that is discussed in more detail in the following section of the Executive Summary. This enables the Office to manage fluctuations in filings and revenues while sustaining operations on a multi-year basis with fee setting authority and the establishment of the Patent and Trademark Reserve Fund.

Executive Actions: The USPTO is implementing four Executive Actions related to the White House Task Force on High-Tech Patent Issues. The USPTO is estimating costs in FY 2014 and FY 2015 to be between \$4.5 million and \$6.5 million to be funded out of base resources, as follows:

- Formulating a notice of proposed rulemaking (NPR), participating in roundtables at various locations to discuss the NPR, and implementing the new rule primarily through the creation of a new searchable database for "attributable owner" information; and providing feedback on proposed legislation to make "attributable ownership" the new default. Estimated costs over two years are projected to be approximately \$4-6 million primarily for the searchable database.
- Tightening functional claiming through examiner training, software partnership roundtables, and implementing a glossary pilot; and efforts related to clarity of record. Estimated costs over two years are projected to be about \$40,000, primarily for travel and software partnership roundtables.
- Empowering downstream users via a library of resources, and an enhanced web site. The cost is estimated at approximately \$40,000.

- Expanding dedicated outreach and study via outreach meetings with stakeholders and expanding the Edison Visiting Scholars Program¹. Estimated cost is approximately \$0.5 million, primarily for funding Edison Visiting Scholars.

In addition to these estimated costs, the USPTO is projecting over 50,000 hours in staff time to develop these Executive Actions and to train examination staff. Additionally, the USPTO is estimating approximately 2,000-3,000 lost production units and from \$11 million - \$16 million in lost income as a result of examiner time devoted to the Executive Actions. By prioritizing these Executive Actions, there will be an impact on the delivery dates of other planned examiner training and potentially an impact on IT projects planned for FY 2014 and FY 2015.

The expected benefits of the Executive Actions include increased transparency of patent ownership information, enhanced clarity of patents, empowering small businesses to defend themselves against infringement claims by providing a more informative website, and expanding outreach and study efforts. Additional benefits include harnessing the power of crowdsourcing by encouraging the innovation community to uncover and submit hard-to-find information, providing more robust technical training to improve the quality of patent examinations, and dedicating more staff to provide pro bono support for inventors and small businesses.

¹ A USPTO program that 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.

Sustainable Funding

Sustainable funding for the USPTO means having the authority to:

- Set fees by regulation to recover the cost of operations,
- Spend all fees collected on operations and work received,
- Generate and maintain an operating reserve, and
- Acquire and use business-type financial tools.

The USPTO has made significant progress toward implementing a sustainable funding model for operations under the *USPTO 2010-2015 Strategic Plan*, and particularly through the enactment and implementation of the AIA. The *2014-2018 Strategic Plan* moves this effort forward by continuing the effort to supplement or refine the authorities through initiatives to ensure spending authority to use all fee collection, make fee setting authority permanent, as well as seek out new financial tools and maximize cost efficiency and transparency.

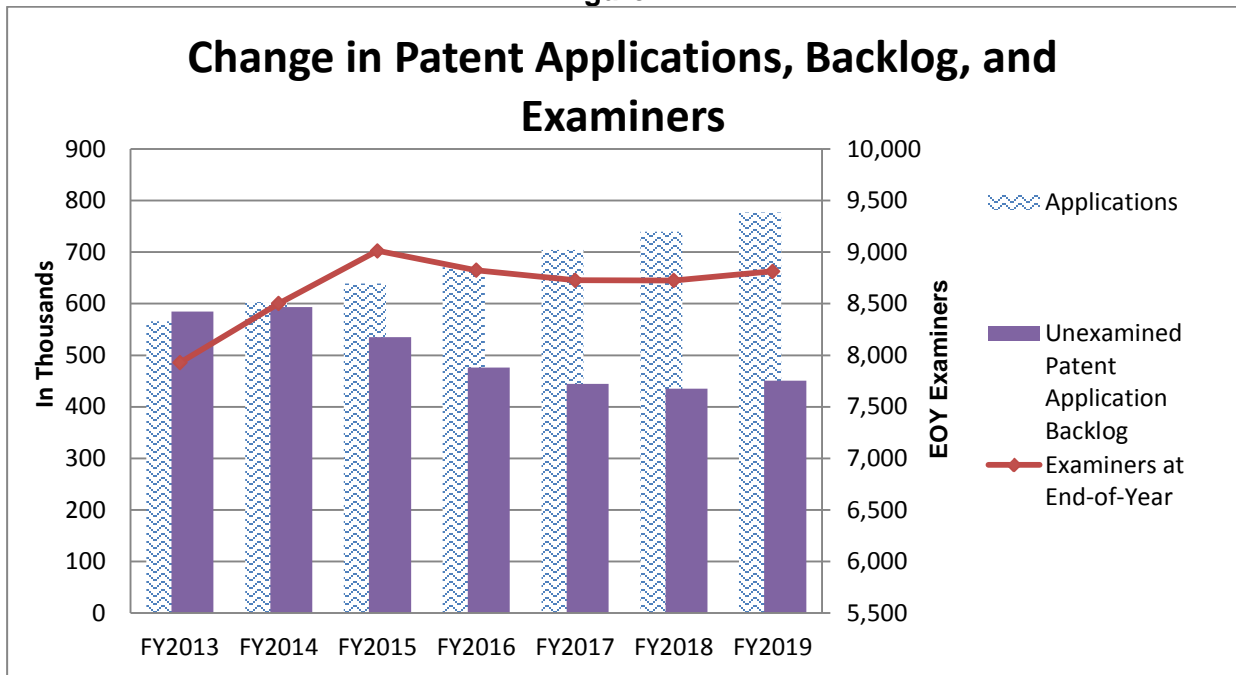
Sustainable funding is an underlying premise of the FY 2015 Budget. As a fully user-fee reliant government entity, the USPTO must not only justify its annual budget requirements, it must also plan for and project the fee collections that will be used to fund those requirements. Since its business activities cross fiscal year lines, the USPTO conducts multi-year planning at both the strategic and operational levels. Multi-year planning and budgeting help identify long-term trends, develop long-term operational goals supported by long-term financial strategies, and address long-term issues. The process reinforces the commitment to financial stability by looking beyond the one-year time horizon in funding operating programs and capital improvements, and promotes more orderly spending patterns, which are a critical component for successful achievement of performance targets, revenue planning and fee setting. Additional details about this process are included in Appendix I.

As previously noted, the USPTO has two lines of business: the Patent business line, which is funded from patent fee collections, and the Trademark business line, which is funded from trademark fee collections. There is a legal “fence” around each set of fee collections so that patent fees can only be used for patent purposes and trademark fees only for trademark purposes, which includes their respective share of management costs.

Patent Business: Five-Year Horizon.

As Figure #1 demonstrates, the USPTO projects that its patent workload will continue to increase over the next five years, initially at rates higher than projected in the FY 2014 President’s Budget. This increased workload coupled with scaled-back hiring levels in FY 2013 has necessitated a modification to patent examiner hiring plans to continue reducing pendency and inventory. After FY 2015, the USPTO anticipates it will be able to scale down hiring efforts and focus primarily on replacing attritions to maintain an optimal examination capacity and working level inventory. Concurrently, the excess level of unexamined cases will continue to decline, and an optimal level of inventory will be attained by FY 2018, and pendency targets should be reached in FY 2019.

Figure #1



Utility, Plant and Reissue	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Applications	566,399	603,100	639,300	671,300	704,800	740,100	777,100
Growth Rate	6.2%	6.5%	6.0%	5.0%	5.0%	5.0%	5.0%
Production Units	580,939	574,000	674,600	706,600	722,100	734,600	746,000
Unexamined Patent Application Backlog	584,998	593,700	534,900	476,000	444,700	435,300	450,700
Performance Measures							
Forward Looking First Action Pendency (Months)	16.5	14.1	12.3	11.0	10.2	10.0	10.4
Avg. First Action Pendency (Months)	18.2	17.4	15.7	13.9	12.4	11.3	10.9
Avg. Total Pendency (Months)	29.1	26.7	26.4	23.8	22.0	21.0	19.8
Examiners at End-of-Year	7,928	8,502	9,013	8,825	8,728	8,726	8,815

To achieve the performance commitments shown in the BPAG chart on pages 7-8, the USPTO has developed its budgetary requirements, projected its patent fee collections, and identified an appropriate operating reserve that would be equal to three months of operating expenses. See Figure #2 and related discussion below.

Figure #2

Patent Budgetary Resources vs. Budgetary Requirements

(Dollars in Millions)							
	FY 2013**	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Projected Fee Collections							
Low Fee Estimate*	2,441	2,876	2,996	2,888	3,067	3,271	3,465
Working Fee Estimate*	2,441	3,026	3,196	3,039	3,227	3,450	3,654
High Fee Estimate*	2,441	3,173	3,374	3,189	3,386	3,613	3,828
Budgetary Requirements***	2,264	2,659	2,899	2,985	3,034	3,140	3,238
Funding To (+) and From (-) the Operating Reserve							
Low Fee Estimate	177	217	97	(97)	32	131	227
Working Fee Estimate	177	367	297	54	193	309	416
High Fee Estimate	177	513	475	204	352	473	590
Operating Reserve Balance							
Working Fee Estimate Ending Balance	287	654	951	1,005	1,198	1,508	1,923
Operating Reserve Level - 3 Months	566	665	725	746	759	785	810
Over/(Under) 3 Month Target Balance	(279)	(11)	226	259	440	723	1,114

*All of the above fee estimates include approximately \$18-\$23 million in other income; such as income from reimbursable agreements and recoveries.

**FY 2013 reflects a reduction of \$134 million in fees due to sequestration. FY 2014 – FY 2019 estimates assume no sequestration.

***The budgetary requirements for each fiscal year include \$1.8 million transfer to the DOC Office of the Inspector General (OIG).

Note: A report showing the Patent and Trademark Split per Two Way Business Line for FY 2013 through FY 2019 is included as Appendix II.

Projected Fee Collections. Figure #2 compares the estimated fee collections and other income at three levels (high, working, and low) against the budgetary requirements for each fiscal year. For the short-term (i.e., FY 2014 and FY 2015), the ranges reflect the inherent sensitivity and volatility of predicting fluctuations in the economy and market environment, interpreting policy and process efficiencies, including the effects of adjusting the patent fee schedule, and developing workload and fee collection estimates from assumptions of these elements. For the longer-term (i.e., FY 2016 and beyond), the value of the ranges is less significant because the USPTO continually modifies its assumptions as new information becomes known or as current-year trends dictate. Therefore, the cumulative funding operating reserve balance is shown only for the working level fee estimate.

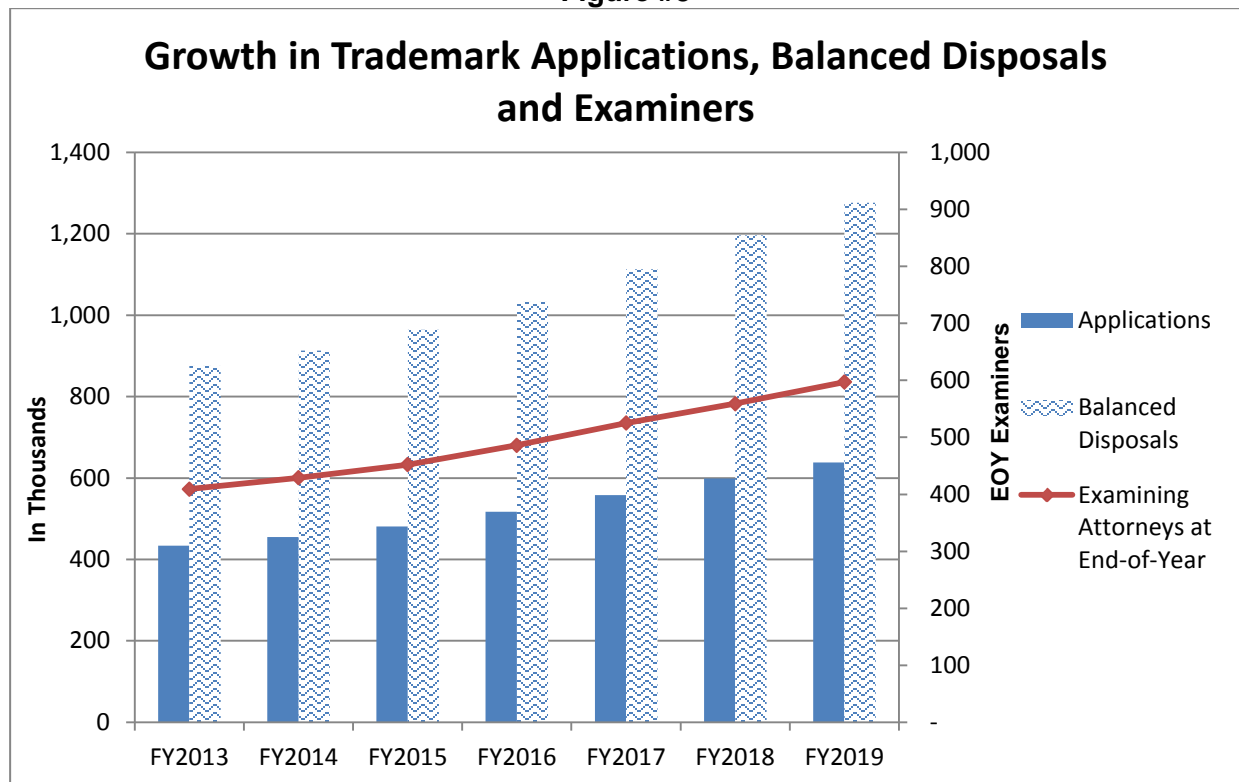
Budgetary Requirements (the annual estimated operating requirements, excluding deposits in the operating reserve). The Patent budgetary requirements increase by 17.5 percent in FY 2014 over FY 2013, and then slow to 9.0 percent, 3.0 percent and 1.7 percent growth in FYs 2015 through 2017, respectively. Budget growth primarily reflects the costs associated with increased patent examiner production capacity continuing through FY 2015 as the USPTO invests in the achievement of its pendency and backlog reduction goal.

Patent Operating Reserve. For Patents, the USPTO planned to gradually build an operating reserve equal to three months of operating expenses (budgetary requirements). The improved fee structure that was implemented March 2013 (with additional changes implemented in January 2014) not only provides the USPTO with the resources necessary to execute on the performance goals and plans, but also continues funding the requirement for a patent operating reserve. The USPTO expects to review patent fees on at least a biennial basis after these initial fee adjustments are fully implemented, which may lead to regulatory actions to adjust fees to a level that would sustain desired levels for the long term.

Trademark Business: Five-Year Horizon.

For Trademarks, the USPTO 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 #3 below, trademark applications are expected to grow at an average rate of about seven 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). After 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 assumption is 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 of nearly six to eight percent. Given this continued growth in applications, Trademarks will need to continue increasing its Trademark attorney staffing levels to maintain its pendency targets.

Figure #3



Trademarks	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Applications	433,654	455,000	481,000	517,000	558,000	599,000	638,000
Growth Rate	4.5%	4.9%	5.7%	7.5%	7.9%	7.3%	6.5%
Balanced Disposals	875,274	913,500	964,400	1,032,600	1,113,400	1,196,700	1,276,900
Performance Measures							
Avg. First Action Pendency (Months)	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
Avg. Total Pendency (Months)	10.0	12.0	12.0	12.0	12.0	12.0	12.0
Examining Attorneys at End-of-Year	409	429	452	486	525	559	597

This five-year framework to achieve these performance targets requires the trademark budgetary resources, projected fee collections, and operating reserve shown in Figure #4 below.

Figure #4

Trademark Budgetary Resources vs. Budgetary Requirements							
(Dollars in Millions)							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Projected Fee Collections							
Low Fee Estimate*	255	275	254	259	266	282	284
Working Fee Estimate*	255	282	268	283	301	328	341
High Fee Estimate*	255	287	275	291	310	339	355
Budgetary Requirements	227	291	294	294	303	312	323
Funding To (+) and From (-) the Operating Reserve							
Low Fee Estimate	28	(16)	(40)	(35)	(37)	(30)	(38)
Working Fee Estimate	28	(9)	(27)	(11)	(2)	16	19
High Fee Estimate	28	(5)	(19)	(3)	7	26	33
Operating Reserve Balance							
Working Fee Estimate Ending Balance **	155	146	119	108	107	122	141
Operating Reserve Level - 6 Months	114	146	147	147	152	156	161
Over/(Under) 6 Month Target Balance	41	1	(28)	(38)	(45)	(34)	(20)

*All of the above fee estimates include approximately \$4-\$5 million in other income; such as income from reimbursable agreements and recoveries.

**FY 2013 reflects the reduction of \$13 million in fees due to sequestration. FY 2014 – FY 2019 estimates assume no sequestration.

*** 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 2013 through FY 2019 is included as Appendix II.

Projected Fee Collections. Figure #4 compares the estimated fee collections under a proposed fee reduction and other income at three levels (high, working, and low) against the budgetary requirements for each fiscal year. For the short-term (i.e., FY 2014 and FY 2015), the ranges reflect the inherent sensitivity and volatility of predicting fluctuations in the economy

and market environment, interpreting policy and process efficiencies, and developing workload and fee collection estimates from assumptions of these elements. For the longer-term (i.e., FY 2016 and beyond), the value of the ranges is less significant because the USPTO continually modifies its assumptions as new information becomes known or as current-year trends dictate. Therefore, the cumulative funding operating reserve balance is shown only for the working level fee estimate.

Budgetary Requirements (the annual estimated operating requirements, excluding deposits in the operating reserve). The total Trademark budgetary requirements increase by \$31 million through FY 2019 compared to the FY 2014 level, primarily due to increased workload resulting from the incoming trademark applications requiring the need to hire additional Trademark examining attorneys. With a sustained economic recovery, new application filings are expected to approach their historical growth patterns and increase by 183,000 applications (classes) by FY 2019 compared to FY 2014. To process the incremental workloads, the Trademark organization needs a larger pool of examining attorneys, and it needs to upgrade its business processes and systems to further enhance automation and efficiency gains.

Trademark Operating Reserve. For Trademarks, the operating reserve is projected to stay within the planned six month range from FY 2015-FY2019. 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 and (b) the fact that a greater percentage of fees are collected from application and related filings. For example, in the past, sporadic large magnitude increases of more than 27 percent have been followed by declines of more than 10 to 20 percent in filings reducing revenues.

The USPTO is planning a reduction in trademark electronic application filing and renewal fees. The plan is consistent with maintaining pendency performance while seeking to encourage electronic communications and operating reserve targets.

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 are directly correlated to the performance of its IT systems, which are in need of modernization. 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.

The USPTO has produced an Overview of Information Technology Plan for FY 2010-2015, which contains additional information for the initiatives and systems described below. The Overview can be found at http://www.uspto.gov/about/offices/cio/ITP_Overview.pdf.

The IT Portfolio Budget

The USPTO requests \$602.0 million in FY 2015 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 \$13.5 million (or 2.3 percent) increase over the FY 2014 total of \$588.5 million.

The FY 2015 IT requirements reflect the fiscal uncertainty under which the USPTO operated in FY 2013 based on the new patent fee schedule, and uncertainties associated with related filing behaviors. Such financial uncertainty had a significant impact on IT improvement efforts. As a result the Office will be using FY 2014 and FY 2015 to recover from delays in critical IT projects.

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 Office of the Chief Information Officer (OCIO) and all Office of the Chief Financial Officer/Office of Financial Management Systems (OCFO/OFMS) government employees, O&M contractor services, hardware maintenance and routine service agreements, software license renewal and purchase, telecommunications, and IT support for the nationwide workforce program, in addition to compensation for other USPTO staff who have a technology focus.

IT Project Funds. Also known as the USPTO's Capital Improvement Fund (CIF), this fund was created in 2008 in recognition that future success for the USPTO core mission depends upon a transparent and consistent level of funding for IT improvements from year to year. 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 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 2013 through FY 2019 through the Information Resources (IR) sub-programs.

(Dollars in Thousands)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Patent IR	82,698	135,226	145,684	113,756	103,500	100,380	101,358
Trademark IR	38,175	61,118	49,865	43,397	44,655	44,650	45,254
IP PP&E IR	38	1,054	1,361	1,357	1,376	1,417	1,472
Management IR	23,490	56,386	58,683	47,751	44,756	44,998	45,941
Management - IT Infrastructure and IT Support Services	223,272	334,756	346,405	351,341	357,730	361,504	371,147
TOTAL	367,674	588,540	601,998	557,601	552,016	552,950	565,173

Note: The change of \$221 million between FY 2013 and FY 2014 is due to the unexpected impacts from adjusted fee estimates and sequestration, resulting in suspension of several projects in FY 2013 thereby artificially lowering FY 2013 obligations. In FY 2014, funding was restored and suspended projects were restarted.

PATENT PROGRAM

A key objective in the *USPTO 2014-2018 Strategic Plan* is to ensure optimal IT service delivery to all users, including the continuation of developing and implementing the Patent End-to-End (PE2E) IT capability. The IT architecture and systems currently in place are inadequate and unable to evolve to meet the demands of the future. Further, databases containing patent data are some of the world's largest, and continue to grow at multiple terabytes per year. Continued dependency on inefficient and outdated automation will lead to an inability to support the USPTO mission of granting IP rights and disseminating information contained in those patents.

Results of the PE2E effort will be redesigned, re-architected, and/or replaced legacy patent IT systems in order to provide end-to-end electronic patent processing, which will reduce the

current need for Patent employees or contractors to perform labor-intensive and manual business processes. The following three strategies are central to PE2E:

- 1) Convert existing images of patent data into “intelligent” text (i.e., eXtensible Markup Language -- XML);
- 2) Deploy new scalable technologies to support text-based systems for use by Patent employees and contractors; and
- 3) Enhance current systems to provide XML versions of key patent case documents, specifications, and abstracts in preparation for future use by new capabilities while benefiting the users of the current systems.

Key PE2E Activities:

- In 2011, the USPTO 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.
- In FY 2012, the USPTO's PE2E development continued to provide releases of new functionality to its designated pilot audiences. Additionally, the Patent business was able to deploy text based XML versions of key patent case documents to the entire Patent Examining Corps.
- In FY 2013, the USPTO began executing many critical PE2E projects; however, as a result of unexpected impacts from adjusted fee estimates and sequestration, almost all of these projects were suspended and very little progress towards the delivery of additional PE2E capability in FY 2013 was achieved. The Patent business was able, however, to deploy initial capability to harmonize patent classification with other major international offices
- In FY 2014, the USPTO plans to address the significant backlog of FY 2013 PE2E projects, and to incrementally expand the user base of PE2E capability and functionality to include successively larger segments of the Patent Examining Corps.
- In FY 2015 the USPTO will deliver version 1.0 of the PE2E capability in the Patent Examining Corps, as well as begin to execute on the planned efforts to deliver subsequent versions and capabilities. These include:
 - Expand upon initial end-to-end processing capability;
 - Expand the amount and use of intelligent data; and
 - Begin to retire specific 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 extensive application review process.

Patent Information activities coordinate the modernization, development, and management of the patent IT systems. This also includes patent support personnel who serve as business process experts in working with the IT technical experts by providing technical expertise and project management in the development of patent program systems supporting electronic filing, and patent business operations.

The Patent Trial and Appeal Board (PTAB) is a business unit within the USPTO that decides appeals, conducts trials, and decides some petitions in patent-related cases. The AIA calls for many changes in PTAB operations. The PTAB is implementing new COTS case-management software to handle four new trial proceedings called for by the AIA and the appeal process. The two initial releases of the Patent Review Processing System (PRPS)—which occurred in September 2012 and March 2013, respectively—will increase operational capability; enhanced capabilities and integration with other office automated information systems are planned for FY 2014-FY 2015.

Patent Dissemination systems, most of which are accessible via the USPTO's public web site (www.USPTO.gov) are used to disseminate data about patents, such as patent grants, published patent applications, PTAB decisions, and patent classification information. 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.

TRADEMARK PROGRAM

A key objective in the *USPTO 2014-2018 Strategic Plan* is to 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. The TMNG effort will redesign, re-architect, and/or replace legacy trademark IT systems in order to expand upon existing end-to-end electronic trademark processing. The TMNG effort has two major components: platform services and technical/functional services. Platform changes address system availability and flexibility through separation and virtualization, cloud computing, and infrastructure enhancements.

Users already have benefitted from a more uniform presentation of data along with updated status information since the initial release the Trademark Status and Data Retrieval (TSDR) system. TSDR is the primary way that the USPTO communicates with applicants on the processing and examination of their application – the first system to operate in a virtual environment.

The FY 2014 budget supports the acceleration of the TMNG portfolio, with a focus on delivering systems to meet the business needs expressed in the Trademark Business Architecture (BA). It also begins efforts to expand and improve externally-facing systems that Trademark customers and stakeholders need, through a common user interface, web and business services, data access, and program enhancements. As an example, recent changes to TSDR have incorporated TTAB and assignment information, which provide centralized access to trademark information.

FY 2014 will be the peak year for TMNG development and deployment. Combined with the deployment of new systems that enhance access for external Trademark customers and stakeholders, these 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. In FY 2014, the USPTO plans to continue:

- Migration from the Trademark Reporting and Monitoring (TRAM) system to Trademarks Records Management;
- Deployment of User Interface solution for TMNG system;
- Development of Web and Business Services for TMNG systems; and
- Development of new web-based application filing systems for Trademark customers and stakeholders.

In FY 2015 the Trademark business will continue to expand upon these capabilities, however, at a lesser rate of investment. The efforts launched in FY 2015 will begin to complete the work necessary to improve the interaction external customers have with the Trademark business, using the new TMNG capability.

Development of the integrated Trademark and TTAB business systems, using a BA approach, are based on trademark priorities that focus on leveraging a case management COTS product, developing web and business services and improving systems that support the core business examination functions in FY 2014 and FY 2015 with the completion of end-to-end processing and replacement of internal systems by FY 2017.

The Trademark organization currently relies on 27 existing 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.

Trademark Information activities coordinate the modernization, development, and management of the trademark IT systems. This also includes trademark support personnel who serve as business process experts in working with the IT technical experts by providing technical expertise and project management in the development of trademark program systems supporting electronic filing, and Trademark business operations.

Trademark Dissemination systems, most of which are accessible via www.USPTO.gov, are used to disseminate data about trademarks, such as trademark applications and registered marks, decisions of the TTAB, and trademark assignment data. In addition, the USPTO agreement with Google makes the electronic trademark public data available on-line to the public.

IP POLICY, PROTECTION, AND ENFORCEMENT PROGRAM

The Office of Policy and International Affairs (OPIA) is responsible for IP policy, protection and enforcement and relies on a mission-critical document management system, which contains files for over 200 separate countries, legislative files, subject files, Federal Register notices, public hearings and comments, and treaties and agreements. This system is fully text searchable and also provides the capability to distribute documents via the USPTO Intranet, USPTO web site and via CD-ROM.

MANAGEMENT PROGRAM

The five 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), and Office of Equal Employment Opportunity and Diversity (OEEO&D). For the past two years, and over the next several, the major priorities for the Management Program are:

- Completing the transition to the DOC's human resource management system (HR Connect) and ancillary capabilities associated with management of USPTO's workforce. HR Connect is a best-practice tool used by 20 other Federal agencies and part of the Federal Human Resource Management System (HRMS), which moves organizations from a paper-based personnel action process to an automated solution.
- The Fee Processing Next Generation (FPNG) capability that will enable USPTO's customers to: (1) move from ordering goods and services through PE2E and TMNG to paying for their order using FPNG, (2) make and manage payments online, (3) receive notifications when fees are due or when refunds have been issued, (4) electronically request refunds, and (5) tailor their on-line notifications and queries to receive financial information to which they are authorized.

As with the other IT improvement efforts in FY 2013, efforts related to human resources IT projects and FPNG were suspended. Consequently, the USPTO will be using FY 2014 and FY 2015 to recover from the delay in enabling better customer services with respect to workforce management and fee processing.

Additional existing automated information systems support other functions within the Management Program.

IT Infrastructure Portfolio

As a production-oriented entity, the USPTO relies heavily upon a sophisticated IT infrastructure. In FY 2013, the USPTO completed a major five-year infrastructure transformation effort (i.e., the Transformation Roadmap), which addressed two key infrastructure problems:

- Many systems and servers were past end-of-life functionality and no longer under warranty or supported by the vendor; and
- A 20th century infrastructure that was insufficient to support the needs of USPTO's 21st century modernization efforts (including PE2E, TMNG, FPNG, and Universal Laptop).

The USPTO is building on the completion of this five-year investment to improve its IT infrastructure by continuing with regular improvement and modernization projects, including:

- Replacing the aging servers and other IT infrastructure with expandable, reliable, secure technologies;
- Leveraging data centers and storage capabilities;
- Enhancing the data and telecommunications network;
- Expanding Business Continuity and Disaster Recovery (BC/DR) capability; and
- Improving cyber-security.

As with the other IT improvement efforts in FY 2013, efforts to improve the IT infrastructure were suspended; consequently, the USPTO will be using FY 2014 and FY 2015 to recover from the delay in meeting infrastructure efforts.

Program Changes

The USPTO's allowable current services level calculation for FY 2015 is greater than the \$602.0 million total required to meet the USPTO's FY 2015 IT needs. Consequently, the IT Portfolio program change for FY 2015 is a decrease of \$6.3 million.

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 2015 and the out years for each of these 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>
Patent IR	7,958	(26,073)	(38,424)	(43,769)	(45,098)
Trademark IR	(12,518)	(20,015)	(19,875)	(20,973)	(21,455)
IP PP&E IR	292	271	272	294	329
Management IR	909	(10,905)	(14,847)	(15,566)	(15,600)
Management - IT Infrastructure and IT Support Services	(2,936)	(3,157)	(2,297)	(4,140)	(205)
TOTAL	(6,295)	(59,880)	(75,172)	(84,154)	(82,028)

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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Exhibit 3A - FY 2015 Annual Performance Plan

The USPTO is a user fee-funded, performance based organization. The USPTO contributes to the fulfillment of the DOC's mission, goals and strategic objectives, and its annual budget justification relies heavily on the goals, objectives, initiatives and performance results documented in the *USPTO 2014-2018 Strategic Plan*. As a result, the entire annual budget essentially serves as the USPTO's Annual Performance Plan (APP). When information has been provided, or will be provided in subsequent sections, the reader will be pointed to those pages.

The *USPTO 2014-2018 Strategic Plan* is being made public in conjunction with the submission of the FY 2015 President's Budget. The Plan formally documents the USPTO's priorities, and is aligned with the Department's themes, goals, and strategic objectives. The USPTO Strategic Framework based on the *USPTO 2014-2018 Strategic Plan*, including the mission statement, vision statement, goals, objectives and initiatives is included as Appendix III.

Part 1 – Summary Information

Section 1 – Overview

USPTO Mission Statement – Fostering innovation, competitiveness and economic growth, domestically and abroad by delivering high quality and timely examination of patent and trademark applications, guiding domestic and international intellectual property policy, and delivering intellectual property information and education worldwide, with a highly-skilled, diverse workforce.

Organizational Structure and Description – This information can be found in Exhibit 2 on page 3.

FY 2013 Accomplishments -- Our Patent organization continues to make significant progress in reducing the unexamined patent application backlog. At the end of FY 2013, the USPTO decreased the unexamined patent application backlog to 584,998 from its end of FY 2009 level, which represents an 18.6 percent reduction. Our total pendency was reduced to 29.1 months and our first action pendency was reduced to 18.2 months -- a 7.6 month reduction in first office action pendency and a 5.5 month reduction in average total pendency.

Our Trademark organization continued to experience increased applications in FY 2013, with 433,654 new classes filed, a four percent increase over the previous year. The USPTO continues to maintain consistent first office action trademark pendency figures within the target range of 2.5 to 3.5 months, with disposal pendency running at 10 months, lower than the 12- month performance target

Section 2 – Corresponding DOC Strategic Themes, Goals and Objectives

DOC Theme	DOC Goal	DOC Objective Number	DOC Objective Name	USPTO Strategic Goal	USPTO Leader: Name, Title, Organization/Activity
Trade and Investment	Expand the U.S. economy through increased exports and inward foreign investment that lead to more and better American jobs.	#1.1	Increase opportunities for U.S. companies by opening markets globally.	Provide Domestic and Global Leadership to Improve Intellectual Property Policy, Protection and Enforcement Worldwide	<u>Shira Perlmutter</u> , Chief Policy Officer and Director for International Affairs
Innovation	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.	#2.2	Increase the capacity of U.S. regional economies to accelerate the production of value-added goods and services by providing services to and investment in businesses and communities.	Optimize Patent Quality and Timeliness	<u>Margaret Focarino</u> , Commissioner for Patents <u>Deborah Cohn</u> , Commissioner for Trademarks <u>Shira Perlmutter</u> , Chief Policy Officer and Director for International Affairs
		#2.3	Strengthen the Nation’s digital economy by championing policies that will maximize the potential of the internet, expanding broadband capacity, and enhancing cybersecurity to provide a robust environment for innovation.	Optimize Trademark Quality and Timeliness	
		#2.5	Accelerate growth of innovation-intensive economic sectors by building public and private capacity to invent, improve and commercialize new products and services.	Provide Domestic and Global Leadership to Improve Intellectual Property Policy, Protection and Enforcement Worldwide	

Description:

Objective 1.1: Increase opportunities for U.S. companies by opening markets globally.

The USPTO will pursue the strategies to ensure U.S. commercial and economic interests are advanced in trade agreements and in other international fora, and with foreign governments; and work to reduce foreign trade barriers.

- The USPTO contributes to the fulfillment of this objective by training foreign government officials on best practices to protect and enforce IP.
- Progress to Date: In FY 2013, 100 percent of foreign officials who were trained have initiated or implemented a positive change in the IP systems in their organization and/or countries.

Objective 2.2: Increase the capacity of U.S. regional economies to accelerate the production of value-added goods and services by providing services to and investment in businesses and communities.

- The USPTO contributes to the fulfillment of this objective through its objective to “Establish satellite offices and a regional presence.” In FY 2014, the USPTO will complete and occupy permanent office space for the Denver Satellite Office.
- Progress to Date: Progress is on-going to open permanent locations in Silicon and Dallas in FY 2015.

Objective 2.3: Strengthen the Nation’s digital economy by championing policies that will maximize the potential of the internet, expanding broadband capacity, and enhancing cybersecurity to provide a robust environment for innovation.

The USPTO and NTIA will develop public record and policy recommendations on critical digital copyright issues identified in the Copyright Green Paper.

- Progress to Date: The *Green Paper on Copyright Policy, Creativity, and Innovation in the Digital Economy* was released in July 2013.
- Risk/Challenges: Polarization of public debates on digital copyright.

Objective 2.5: Accelerate growth of innovation-intensive economic sectors by building public and private capacity to invent, improve and commercialize new products and services.

- USPTO Key Strategies: Optimize patent and trademark application review efficiency and quality and improve enforcement of IP rights.

- The USPTO contributes to the fulfillment of this objective through its Agency Priority Goal to *Improve Patent Processing Time and Quality* -- By September 30, 2015, the Department of Commerce will reduce patent pendency for first action and total pendency from the end of FY 2012 levels of 21.9 and 32.4 months to 15.7 and 26.4 months; as well as reduce the unexamined patent application backlog of 608,300 to 534,900. Additionally, the patent quality composite score will be improved from 72.4 percent to 100 percent of the FY 2015 target.
- In addition, the USPTO will (1) implement Glossary Pilot Program as part of White House Executive Actions; (2) complete patent examiner transition to Cooperative Patent Classification (CPC) system; and (3) advise and assist international counterparts in promoting meaningful, effective and balanced IP protection and enforcement worldwide.
- Progress: In addition to meeting performance targets, as shown on pages 34-36, the USPTO initiated the examiner transition to the CPC in October 2013; hosted the third in a regular series of public Software Partnership meetings in December 2013; and modified examiner production and workflow systems to reduce the backlog of Requests for Continued Examination (RCE) in October 2013.
- Risk/Challenge: Lack of full access to fee revenue could prevent/delay execution of agency initiatives; inability to hire 1,000 patent examiners (621 net new hires – assumes 4.5 percent attrition) in the appropriate technology areas in FY 2014 will delay attainment of the pendency and backlog goals.

Part 2 – Performance Results and Plans

Section 1 – Summary Description of FY 2013 Performance by Objective

FY 2014-2018 Strategic Goal: Trade and Investment

FY 2014-2018 Strategic Objective: Increase opportunities for U.S. companies by opening markets globally.

Benefits: In a global economy, the property rights of American inventors must be protected not only in the United States, but internationally as well. The USPTO plays a leadership role in promoting effective domestic and international protection and enforcement of IP rights by advocating U.S. government IP rights policy, working to develop unified standards for international IP rights, providing policy guidance on domestic IP rights issues, and fostering innovation. The USPTO advises the President and Federal agencies on national and international IP rights policy matters and trade-related aspects of IP rights, and conducts technical assistance and capacity-building programs for foreign governments seeking to develop or improve their IP rights regulatory and enforcement mechanisms.

Recurring Indicators:

Indicator	Target	Actual	Status	Trend
Percent of foreign officials trained who have initiated or implemented a positive change in the IP systems in their organization and/or countries.	75.0%	100%		Stable

FY 2014-2018 Strategic Goal: Innovation

FY 2014 Strategic Objectives:

2.2 -- Increase the capacity of U.S. regional economies to accelerate the production of value-added goods and services by providing services to and investment in businesses and communities.

2.3 -- Strengthen the Nation's digital economy by championing policies that will maximize the potential of the internet, expanding broadband capacity, and enhancing cybersecurity to provide a robust environment for innovation.

2.5 -- Accelerate growth of innovation-intensive economic sectors by building public and private capacity to invent, improve and commercialize new products and services.

Benefits:

Intellectual property (IP) contributes to a strong global economy by encouraging investment in innovation and fostering entrepreneurial spirit. People worldwide benefit from innovations, both directly on a personal level, and indirectly through economic growth fueled by innovation. Continual development of a vigorous, flexible, and efficient IP system achieves this objective by protecting individual rights, encouraging investment in innovation, and fostering entrepreneurial spirit.

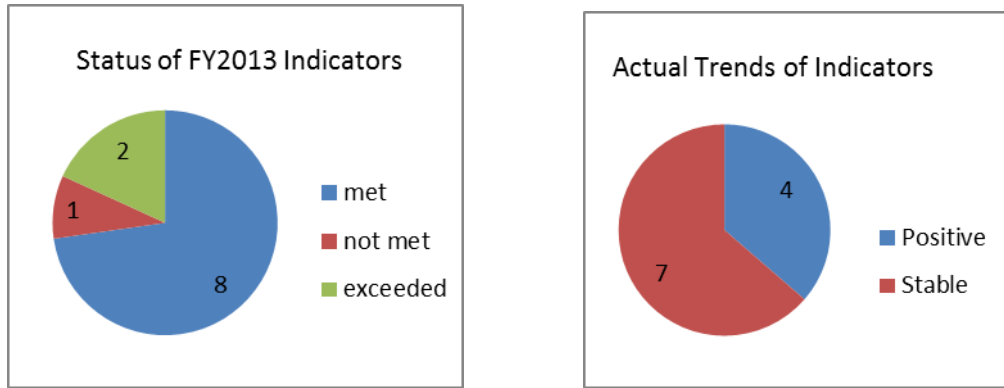
The Department promotes the IP system through the protection of inventions or creations via patent, trademark, trade secret, and copyright laws. Under this system of protection, industry in the United States has flourished, creating employment opportunities for millions of Americans.

Patents provide incentives to invent and invest in new technology by allowing innovators the opportunity to benefit from their discoveries. Registration of trademarks assists businesses in protecting their investments and safeguards consumers against confusion and deception in the marketplace by providing notice of marks in use. Through dissemination of patent and trademark information, the Department promotes a global understanding of IP protection and facilitates the development and sharing of new technologies worldwide.

Recurring Indicators:

Indicator	Target	Actual	Status	Trend
Patent First Action Pendency (months)	18.0	18.2	N/A	Positive
Patent Total Pendency (months)	30.1	29.1	N/A	Positive
Patent Quality Composite Rate	65 - 73	71.9	N/A	Positive
Trademark Average First Action Pendency (months)	2.5 – 3.5	3.1	N/A	Stable
Trademark Average Total Pendency (months)	12.0	10.0	N/A	Stable
Trademark First Action Compliance Rate (Percent)	95.5%	96.3%	N/A	Stable
Trademark Final Compliance Rate (Percent)	97.0%	97.1%	N/A	Stable
Trademark Exceptional Office Action (Percent)	23.0%	35.1%	N/A	Stable
Trademark Applications Processed Electronically (Percent)	76.0%	79.0%	N/A	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: 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	75.0%	100%	N/A	Stable

All FY 2013 Indicators:



INDICATOR	PATENT FIRST ACTION PENDENCY (MONTHS)							
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's processing time.							
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	26.9	27.5	25.4	23.0	22.6	18.0	17.4	15.7
Actual	25.6	25.8	25.7	28.0	21.9	18.2		
Status								
Trend	Positive trend for both actual and target.							
Explanation	As a result of the reduced fee availability in FY 2013 due to sequestration and the need to halt most patent examiner hiring, the agency did not achieve target.							
Actions to be taken/Future Plans	The USPTO is modifying its Patent plans as a result of the financial uncertainty under which the Office operated in FY 2013, by planning to hire 1,000 examiners in each of FY 2014 and FY 2015, compared to the 250 planned hires shown in the FY 2014 President's Budget. This change, coupled with leveraging the nationwide workforce to facilitate hiring examiners with significant prior IP-related experience, 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 in FY 2018, 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. Despite budget adjustments brought about by sequestration and updated estimates of fee revenue in FY 2013, the USPTO came within two-tenths of a month toward achieving its FY 2013 pendency target. We continue to make progress in reducing patent pendency and will continue, with stakeholder input, to modify long-term Patent plans as needed.							
Information Gaps	None							
Validation and Verification								
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations			Actions to be Taken	
Patent Application Location Monitoring (PALM) system	Daily input, monthly reporting	PALM, automated systems, reports	Accuracy of supporting data is controlled through internal program edits in the PALM system. Final test for reasonableness is performed internally by patent examiners, supervisors, and program management analysts.	None			None	

INDICATOR	PATENT TOTAL PENDENCY (MONTHS)							
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's processing time. Requests for Continued Examination (RCE's) are not included.							
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	34.7	37.9	34.8	34.5	34.7	30.1	26.7	26.4
Actual	32.2	34.6	35.3	33.7	32.4	29.1		
Status								
Trend	Positive trend for both actual and target.							
Explanation	(only if not met)							
Actions to be taken/Future Plans	The USPTO is modifying its Patent plans as a result of the financial uncertainty under which the Office operated in FY 2013, by planning to hire 1,000 examiners in each of FY 2014 and FY 2015, compared to the 250 planned hires shown in the FY 2014 President's Budget. This change, coupled with leveraging the nationwide workforce to facilitate hiring examiners with significant prior IP-related experience, 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 in FY 2018, 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. The USPTO achieved, with stakeholder input, its FY 2013 pendency target. We continue to make progress in reducing patent pendency and will continue to modify long-term Patent plans as needed.							
Information Gaps	None							
Validation and Verification								
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations		Actions to be Taken		
PALM system	Daily input, monthly reporting	PALM, automated systems, reports	Accuracy of supporting data is controlled through internal program edits in the PALM system. Final test for reasonableness is performed internally by patent examiners, supervisors, and program management analysts.	None		None		

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.							
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	N/A	N/A	N/A	N/A	48 - 56	65 - 73	83 - 91	100
Actual	N/A	N/A	N/A	30.7	72.4	71.9		
<i>Item 1: Final Disposition Compliance Rate (Percent)</i>	N/A	94.4	96.3	95.4	96.6	95.6—96.7	95.6—97.0	97.0
<i>Item 2: In-Process Compliance Rate (Percent)</i>	N/A	93.6	94.9	95.2	95.9	94.6—96.3	94.6—97.0	97.0
<i>Item 3: Pre FAOM Search Review</i>	N/A	N/A	N/A	94.6	97.2	94.6—95.8	94.6—96.4	97.0
<i>Item 4: Complete FAOM Search Review (Percent)</i>	N/A	N/A	N/A	90.9	91.2	90.9—93.0	90.9—94.0	97.0
<i>Item 5: Quality Index Report (Percent)</i>	N/A	N/A	N/A	89.5	89.8	88.3—92.4	88.3—94.0	94.0
<i>Item 6: External Quality Survey (Response Ratio – Positive to Negative)</i>	N/A	N/A	N/A	3.0:1	5.2	3.1—4.6:1	3.1—5:1	5:1
<i>Item 7: Internal Quality Survey (Response Ratio – Positive to Negative)</i>	N/A	N/A	N/A	4.3:1	9.4	4.3—5.2:1	4.3—5.6:1	6:1
Status								
Trend	Positive trend for both actual and target.							
Explanation	(only if not met)							
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.							

INDICATOR	PATENT QUALITY COMPOSITE SCORE (Continued)						
Adjustments to targets	Action and the resources provided by the FY 2015 Budget are crucial to address the current challenges at the USPTO.						
Information Gaps	None.						
	Validation and Verification						
<u>Data Source</u>	<u>Frequency</u>	<u>Data Storage</u>	<u>Internal Control Procedures</u>	<u>Data Limitations</u>	<u>Actions to be Taken</u>		
Office of Patent Quality Assurance (OPQA) Database System, PALM and Quality Index Report database and Collected Surveys	Daily input, semi-annual, and quarterly reporting	OPQA database, automated systems, reports	The statistician runs quality control checks in which certain dependent data fields are checked against each other; and data validation and audits per contract specifications	Since the measure is based on a sample, there is sampling error associated with the metric.	None		

INDICATOR	TRADEMARK AVERAGE FIRST ACTION PENDENCY (MONTHS)							
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 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
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	3.0	2.7	3.0	3.1	3.2	3.1		
Status								
Trend	Stable trend for both actual and target.							
Explanation	(only if not met)							
Actions to be taken/Future Plans	Filings of new applications are expected to increase on average by about five to seven percent year over year. To handle the expected increase in workloads, the Office plans to increase examination staff by a net total of 23 new examining attorney positions, and 12 new supporting staffers. 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	Trademark applicants have requested first action pendency within 2.5 to 3.5 months as optimal for meeting their needs.							
Information Gaps	None							
	Validation and Verification							
<u>Data Source</u>	<u>Frequency</u>	<u>Data Storage</u>	<u>Internal Control Procedures</u>	<u>Data Limitations</u>	<u>Actions to be Taken</u>			
TRAM database	Daily input, monthly reporting	TRAM automated systems, reports	Accuracy of supporting data is controlled through internal program edits in the TRAM system. Final test for reasonableness is performed internally by trademark management, supervisors, and program management analysts.	None	None			

INDICATOR	TRADEMARK AVERAGE TOTAL PENDENCY (MONTHS)							
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 <i>inter partes</i> proceedings.							
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	14.3	13.0	13.0	12.5	12.0	12.0	12.0	12.0
Actual	11.8	11.2	10.5	10.5	10.2	10.0		
Status								
Trend	Stable trend for both actual and target.							
Explanation	(only if not met)							
Actions to be taken/Future Plans	Filings of new applications are expected to increase on average by about five to seven percent year over year. To handle the expected increase in workloads, the Office plans to increase examination staff by a net total of 23 new examining attorney positions, and 12 new supporting staffers. 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	Trademark applicants have requested 12.0 months or less total pendency as optimal for meeting their needs.							
Information Gaps	None							
	Validation and Verification							
<u>Data Source</u>	<u>Frequency</u>	<u>Data Storage</u>	<u>Internal Control Procedures</u>	<u>Data Limitations</u>	<u>Actions to be Taken</u>			
TRAM database	Daily input, monthly reporting	TRAM automated systems, reports	Accuracy of supporting data is controlled through internal program edits in the TRAM system. Final test for reasonableness is performed internally by trademark management, supervisors, and program management analysts.	None	None			

INDICATOR	TRADEMARK FIRST ACTION COMPLIANCE RATE (PERCENT)							
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 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	95.5	95.5	95.5	95.5	95.5	95.5	95.5	95.5
Actual	95.8	96.4	96.6	96.5	96.2	96.3		
Status								
Trend	Stable trend for both actual and target.							
Explanation	(only if not met)							
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	Trademark's management has decided that 95.5 percent first action compliance is an optimal level to operate. A new more rigorous measure of quality has been introduced to expand the criteria for evaluating quality of the examiner's decision and writing.							
Information Gaps	None							
Validation and Verification								
<u>Data Source</u>	<u>Frequency</u>	<u>Data Storage</u>	<u>Internal Control Procedures</u>	<u>Data Limitations</u>	<u>Actions to be Taken</u>			
Office of Trademark Quality Review and Training (OTQRT) Report	Daily input, monthly reporting	OTQRT Report database	Accuracy of supporting data is controlled through internal program edits in the OTQRT system. Final test for reasonableness is performed internally by trademark examiners, supervisors, and program management analysts.	None	None			

INDICATOR	TRADEMARK FINAL COMPLIANCE RATE (PERCENT)							
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 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	N/A	97.0	97.0	97.0	97.0	97.0	97.0	97.0
Actual	N/A	97.6	96.8	97.0	97.1	97.1		
Status								
Trend	Stable trend for both actual and target.							
Explanation	(only if not met)							
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	Trademark's management has decided that 97.0 percent final action compliance is an optimal level to operate. A new more rigorous measure of quality has been introduced to expand the criteria for evaluating quality of the examiner's decision and writing.							
Information Gaps	None							
	Validation and Verification							
<u>Data Source</u>	<u>Frequency</u>	<u>Data Storage</u>	<u>Internal Control Procedures</u>	<u>Data Limitations</u>	<u>Actions to be Taken</u>			
OTQRT Report	Daily input, monthly reporting	OTQRT Report database	Accuracy of supporting data is controlled through internal program edits in the OTQRT system. Final test for reasonableness is performed internally by trademark examiners, supervisors, and program management analysts.	None	None			

INDICATOR	TRADEMARK EXCEPTIONAL OFFICE ACTION (PERCENT)							
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 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	N/A	N/A	N/A	15.0	20.0	23.0	28.0	30.0
Actual	N/A	N/A	N/A	23.6	26.1	35.1		
Status								
Trend	Stable trend for both actual and target.							
Explanation	(only if not met)							
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	Trademark's management has decided that 23 percent is an optimal level considering the impact of new hires in the examining corps. This is a new more rigorous measure of quality to expand the criteria for evaluating quality of the examiner's decision making, search strategy and writing.							
Information Gaps	None							
	Validation and Verification							
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken			
OTQRT Report	Daily input, monthly reporting	OTQRT Report database	Accuracy of supporting data is controlled through internal program edits in the OTQRT system. Final test for reasonableness is performed internally by trademark examiners, supervisors, and program management analysts.	None	None			

INDICATOR	TRADEMARK APPLICATIONS PROCESSED ELECTRONICALLY (PERCENT)							
Description	This measure tracks the percentage of trademark applications disposed that were received, processed, and examined using electronic communications, records and systems. The results demonstrate the extent that filing, workflow, processing and communications can be and are handled without paper or manual processes.							
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	N/A	62.0	65.0	68.0	74.0	76.0	78.0	80.0
Actual	N/A	62.0	68.1	73.0	77.0	79.0		
Status								
Trend	Positive trend for both actual and target.							
Explanation	(only if not met)							
Actions to be taken/Future Plans	About 99 percent of all new applications and the majority of post registration affidavits are filed electronically.							
Adjustments to targets	Trademark's management considered filing types and trends in the development, modernization, adoption, and usage of electronic processes and forms to set the target at 80 percent.							
Information Gaps	None							
	Validation and Verification							
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations		Actions to be Taken		
TRAM system	Daily input, monthly reporting	TRAM	Accuracy of supporting data is controlled through internal program edits in the TRAM system. Final test for reasonableness is performed internally by trademark examiners, supervisors, and program management analysts.	None		None		

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:							
	<ol style="list-style-type: none"> 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 							
Description	Tracks the USPTO's efforts in relation to prioritizing countries of interest for purposes of improved IP protection and enforcement, capacity building, legislative reform, including creation of country/region strategic plans and specific action plans.							
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	N/A	N/A	50.0	75.0	75.0	75.0	75.0	75.0
Actual	N/A	N/A	75.0	100.0	75.0	100.0		
Status								
Trend	Stable trend for both actual and target.							
Explanation	(only if not met)							
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								
Information Gaps	None							
	<u>Validation and Verification</u>							
<u>Data Source</u>	<u>Frequency</u>	<u>Data Storage</u>	<u>Internal Control Procedures</u>		<u>Data Limitations</u>		<u>Actions to be Taken</u>	
Policy and International Affairs' reports and databases	Monthly input and reporting	Reports	Manual reports and analysis.		None		None	

INDICATOR	PERCENT OF FOREIGN OFFICIALS TRAINED WHO HAVE INITIATED OR IMPLEMENTED A POSITIVE CHANGE IN THE IP SYSTEMS IN THEIR ORGANIZATION AND/OR COUNTRIES.							
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. The USPTO is developing survey tools to evaluate the effectiveness and impact of these training programs. These evaluation and measurement survey tools provide methodologically rigorous data collection and analyses in place of more subjective, ad hoc, non-standardized anecdotal materials. The survey questions are approved by the Office of Management and Budget (OMB). The tools will include pre-program, post-program and alumni surveys. The use of the three surveys will allow the USPTO to collect data spanning the life of the GIPA training cycle.							
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target	N/A	N/A	N/A	N/A	75.0	75.0	75.0	75.0
Actual	N/A	N/A	N/A	79.0	69.3	100.0		
Status								
Trend	Stable trend for both actual and target.							
Explanation	(only if not met)							
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							
Information Gaps	None							
Validation and Verification								
<u>Data Source</u>	<u>Frequency</u>	<u>Data Storage</u>	<u>Internal Control Procedures</u>	<u>Data Limitations</u>	<u>Actions to be Taken</u>			
Three GIPA Surveys (pre, post and alumni)	At beginning, end and one year after each training program	Survey Tool and data stored with the Federal Consulting Group (FCG)	Surveys will be administered by an independent contractor, along with data analysis on the survey results. OMB has approved the survey questions.	None	None			

Part 3 – Resource Requirements Table

Refer to the USPTO FY 2015 Budget and Performance-at-a-Glance on pages 7-8.

Part 4 – Agency Priority Goals

The Department’s Agency Priority Goal is discussed in the Patent Program section beginning on page 63 in conjunction with the discussion of the USPTO’s strategic goal to optimize patent quality and timeliness.

Goal	Advance Commercialization of New Technologies by Reducing Patent Application Pendency and Backlog			
Performance Indicator(s)	Patent First Action Pendency, Patent Total Pendency, Unexamined Patent Application Backlog, and Patent Quality Composite Score			
Description	By September 30, 2015, the Department will reduce patent pendency for first action and total pendency from the end of FY 2012 levels of 21.9 and 32.4 months to 15.7 and 26.4 months, as well as the unexamined patent application backlog of 608,300 to 534,900. Additionally, the Patent quality composite score will be improved from 72.4 percent to 100 percent of the FY 2015 target.			
	FY 2013 (Actual)	FY 2014	FY 2015	
Patent First Action Pendency	18.2 months	17.4 months	15.7 months	
Patent Total Pendency	29.1 months	26.7 months	26.4 months	
Unexamined Patent Application Backlog	584,998	593,700	534,900	
Patent Quality Composite Score	65-73	83-91	100 percent of the FY 2015 target	
Comments	Although financial adjustments brought on by budget sequestration and updated estimates of fee revenue early in the year impacted our ability to achieve FY 2013 patent first action pendency target, we continue to make progress in reducing patent pendency.			
Milestones				
Congressional Consultations				

Part 5 – Other Information

Section 1 – Major Management Priorities and Challenges

The USPTO’s strategic goals also address the following three Department of Commerce – Office of the Inspector General – Management Challenges:

#1 –Strengthen Commerce infrastructure to support the Nation’s economic growth. The USPTO’s efforts to reduce the patent backlog, improve processing times, and implement patent reform are addressed in the FY 2015 Budget Plans: Summary of Requirements section of the Executive Summary, and the Patent Program section of this Budget.

The USPTO works with the business community and other government agencies to secure improved international protection of IP rights, including the use of bilateral relationships to encourage improvements in the laws and policies of other countries as well as in the implementation of effective enforcement regimes; and to strengthen multilateral arrangements regarding IP rights. The USPTO also leverages its relationships in international fora to strengthen international IP systems and protection to create efficiencies in the patent and trademark areas. Further details are included in the Intellectual Property Policy, Protection, and Enforcement (IP PP&E) Program section of this Budget.

#3 – Continue enhancing cybersecurity and management of information technology investments. The USPTO’s commitment to improving cybersecurity is incorporated in its IT Infrastructure Portfolio in the Introduction.

#5 – Continue to foster a culture of management accountability to ensure responsible spending. The USPTO addresses this challenge through its Management Goal to achieve organizational excellence, and the five strategic objectives focused on IT, workforce, internal and external relations, sustainable funding, and satellite offices and a regional presence.

Major Management Priorities include the following:

- The USPTO Management Goal, objectives and initiatives are included in the *USPTO 2014-2018 Strategic Plan* Framework that is included as Appendix III.
- Office-specific contributions to government-wide management initiatives such as priorities established through Executive Order (EO) can be found on page 137, where the USPTO documents required funding to meet energy conservation requirements under EO 13423 and EO 13514.
- The USPTO Strategic Framework in Appendix III contains several objectives/initiatives related to innovation and improvements in customer service, such as:
 - The Patent goal objective to continue and enhance stakeholder and public outreach, focused on key USPTO programs such as the Ombudsman Program, the pro bono program, partnerships, and the Cooperative Patent Classification (CPC) system.

- The Trademark goal objective to continue and enhance stakeholder and public outreach that is focused on the law school clinic program, education programs on the value of the Federal trademark registration system, as well as the importance of filing for registrations in foreign countries.
- The IP PP&E goal initiatives focused on improving the methods for increasing awareness of, and educating users here and in foreign countries on the importance of IP.
- The Management goal objective to enhance internal and external relations, which focuses on the processes that are being used to fulfill the USPTO's education/outreach portion of its mission.

Section 2 – Cross-Agency Priority Goals / Collaborations

The USPTO is not a leader of any Cross-Agency Priority Goals.

Section 3 – Program Evaluations and Section 4 -- Hyperlinks

The USPTO relies on research and evaluations from a variety of sources to make informed decisions based on analysis.

- The USPTO is authorized under title 35 of the U.S. Code to conduct programs, studies, or exchanges of items or services regarding domestic and international intellectual property law and the effectiveness of intellectual property protection domestically and throughout the world. Research and studies are frequently carried out under the auspices of the USPTO's Office of the Chief Economist. For example, in April 2012 On April 11, 2012, Secretary of Commerce John Bryson introduced [*Intellectual Property and the U.S. Economy: Industries in Focus*](#), a report jointly authored by the Economics and Statistics Administration (ESA) and the USPTO.
- The USPTO also receives advice from its two Public Advisory Committees (PACs), which reviews the policies, goals, performance, budget, and user fees of the USPTO and prepares annual reports with regard these matters which are sent to the Congress. The input and advice from the Patent PAC was particularly useful during the recent patent fee setting process. Patent Public Advisory Reports, particularly their input regarding the establishment of the new patent fee schedule in March 2013, which can be found at: <http://www.uspto.gov/about/advisory/ppac/index.jsp>, and Trademark Public Advisory Reports that can be found at: <http://www.uspto.gov/about/advisory/tpac/index.jsp>
- The USPTO regularly engages its stakeholders in the development of new initiatives and pilot program. The USPTO's patent initiatives and pilot programs are described at the following location http://www.uspto.gov/patents/init_events/index.jsp

Section 5 – Data Validation and Verification

The FY 2013 Summary of Performance includes in the Secretary’s Statement an assessment of the reliability and completeness of the Department’s performance data.

Section 6 – Lower-Priority Program Activities

N/A

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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)

	Positions	FTE	Total Obligations
FY 2014 Current Plan	13,049	12,225	2,948,311
FY 2015 Adjustments to base:	0	632	170,075
FY 2015 Base	13,049	12,858	3,118,387
plus: 2015 Program changes	678	345	72,511
FY 2015 Estimate	13,727	13,203	3,190,898

Comparison by activity:		FY 2013		FY 2014 Current Plan		FY 2015 Base		FY 2015 Estimate		Increase/(Decrease over 2015 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Patents	Pos./Obl.	11,587	2,231,380	11,876	2,615,028	11,875	2,769,295	12,509	2,850,075	634	80,779
	FTE	10,105		11,130		11,708		12,029		321	
Trademarks	Pos./Obl.	957	211,447	983	272,936	983	283,192	1,025	274,134	42	(9,058)
	FTE	859		939		968		990		22	
IP Policy Protection and Enforcement	Pos./Obl.	207	46,441	191	60,347	191	65,900	193	66,689	2	790
	FTE	140		156		182		184		2	
Total Obligations	Pos./Obl.	12,750	2,489,268	13,049	2,948,311	13,049	3,118,386.5	13,727	3,190,898	678	72,511
	FTE	11,104		12,225.31		12,857.73		13,203		345	
Adjustments for:											
	Offsetting Fee Collections		(2,815,701)		(3,286,191)		(3,441,458.1)		(3,441,458.1)		0
	Other Income / Recoveries		(27,718)		(21,800)		(21,800.0)		(21,800.0)		0
	Operating Reserve, start of year		(237,873)		(442,291)		(799,970.4)		(799,970.4)		0
	Operating Reserve, end of year		442,291		799,970		1,142,842.0		1,070,330.5		(72,511)
Total Budget Authority			(149,733)		(2,000)		(2,000.0)		(2,000.0)		0
Financing from transfers / other:											
	Amounts Unavailable for Spending		147,733		0		0.0		0.0		0
	Transfer to other accounts (+)		2,000		2,000		2,000.0		2,000.0		0
Total Net Appropriation			0		0		0.0		0.0		0

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

		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
		Estimate		Estimate		Estimate		Estimate		Estimate	
Comparison by activity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Patents	Pos./Obl.	12,509	2,850,075	12,344	2,935,771	12,269	2,984,623	12,269	3,089,690	12,365	3,186,946
	FTE	12,029		12,262		12,137		12,101		12,151	
Trademarks	Pos./Obl.	1,025	274,134	1,069	273,455	1,122	282,514	1,163	291,257	1,213	301,475
	FTE	990		1,034		1,081		1,127		1,172	
IP Policy Protection and Enforcement	Pos./Obl.	193	66,689	195	67,509	195	68,404	195	69,401	194	70,427
	FTE	184		186		186		186		186	
Total	Pos./Obl.	13,727	3,190,898	13,607	3,276,735	13,585	3,335,540	13,626	3,450,348	13,772	3,558,849
	FTE	13,203		13,481		13,405		13,414		13,509	
Adjustments for:											
	Offsetting Fee Collections		(3,441,458)		(3,300,280)		(3,506,843)		(3,755,750)		(3,973,406)
	Other Income / Recoveries		(21,800)		(21,800)		(21,800)		(21,800)		(21,800)
	Operating Reserve, start of year		(799,970)		(1,070,331)		(1,113,675)		(1,304,778)		(1,629,980)
	Operating Reserve, end of year		1,070,331		1,113,675		1,304,778		1,629,980		2,064,338
Total Budget Authority			(2,000)		(2,000)		(2,000)		(2,000)		(2,000)
Financing from transfers / other:											
	Amounts Unavailable for Spending		0								
	Transfer to other accounts (+)		2,000		2,000		2,000		2,000		2,000
Total Net Appropriation			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 2013	FY 2014 Current Plan	FY 2015 Base	FY 2015 Estimate	Increase/ Decrease/ over 2015 Base
Total Obligations	2,489,268	2,948,311	3,118,387	3,190,898	72,511
Offsetting collections from:					
Non-Federal sources / User Fee Collections	(2,815,701)	(3,286,191)	(3,441,458)	(3,441,458)	0
Other Income	(6,367)	(6,800)	(6,800)	(6,800)	0
Adjustments for:					
Recoveries	(21,351)	(15,000)	(15,000)	(15,000)	0
Unobligated balance, start of year	(237,873)	(442,291)	(799,970)	(799,970)	0
Unobligated balance, end of year	442,291	799,970	1,142,842	1,070,331	(72,511)
Total Budget Authority	(149,733)	(2,000)	(2,000)	(2,000)	0
Financing:					
Amounts Unavailable for Spending	147,733	0	0	0	0
Transfer to other accounts (+)	2,000	2,000	2,000	2,000	0
Net Appropriation	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>
Non-recurring contribution to WCF for PIV		(571)
Adjustments to Base:		
2014 Pay raise		3,025
2015 Pay raise		10,343
Full-year cost in 2015 of positions financed for part-year in 2014	632	69,865
Other Compensation Adjustments		39,118
Civil Service Retirement System (CSRS)		(1,472)
Federal Employees Retirement System (FERS)		22,141
Thrift Savings Plan		1,470
Federal Insurance Contribution Act (FICA) - OASDI		1,872
Health insurance		3,296
Post-Retirement Benefits to OPM		5,691
Rental payments to GSA		1,484
Printing and reproduction		1,746
Working Capital Fund		330
General Pricing Level Adjustment		11,739
		<hr style="border: 1px solid black;"/>
Total, adjustments to base	632	170,075

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
Other Changes:				
Non-recurring contribution to WCF for PIV				(571)
<u>Pay Raises</u>				3,025
Full-year cost of 2014 pay increase and related costs:				
The 2015 President's budget assumes a general pay raise of 1.0% to be effective January 1, 2014.				
Total cost in 2015 of 2014 pay increase		12,101		
Less amount funded in 2014		(9,075)		
Amount requested in 2015 to provide full-year cost of 2014 pay increase		3,025		
2015 pay increase and related costs:				10,343
A general pay raise of 1% is assumed to be effective January 1, 2015.				
Total cost in 2015 of pay increase		10,343		
Payment to Working Capital Fund		0		
Total, adjustment for 2015 pay increase		10,343		
<u>Full-year cost in 2015 of positions financed for part-year in 2014</u>			632	69,865
An increase of \$69,865k is required to fund the full-year cost in 2015 of positions financed for part-year in 2014. The computation follows:				

	FTE	Amount \$000	FTE	Amount \$000
Full-year cost of personnel compensation	1,196	101,660		
Less personnel compensation included in the 2014 budget	(564)	(47,904)		
Subtotal, personnel compensation	632	53,756		
Adjustment for 2015 pay raise for 3/4 of year		403		
Add'l amount required for personnel compensation	632	54,159		
Benefits	0	15,706		
Total adjustment-to-base	632	69,865		

Other Compensation Adjustments

39,118

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.

Civil Service Retirement System (CSRS)

(1,472)

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 1.8% in 2014 to 0.2% in 2015. Contribution rates will remain at 7%.

Regular:

2015 \$1,314,619,539 x .002 x .07

184

2014 \$1,314,619,539 x .018x .07

1,656

(1,472)

Total adjustment-to-base

(1,472)

	FTE	Amount \$000	FTE	Amount \$000
<u>Federal Employee Retirement System (FERS)</u>				22,141
<p>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 98.2% in 2014 to 99.8% in 2015. The contribution rate for regular employees is 13.2% for 2015 and 11.9% for 2014.</p>				
Regular:				
2015		\$1,314,619,539 x .998 x .132		173,183
2014		\$1,314,619,539 x .982 x .119		151,042
				<hr/>
				22,141
				22,141
<u>Thrift Savings Plan</u>				1,470
<p>The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to remain at 4.3%.</p>				
Regular:				
2015		\$1,314,619,539 x .998 x .043		56,416
2014		\$1,314,619,539 x .982 x .043		54,946
				<hr/>
				1,470
				1,470
<u>Federal Insurance Contribution Act (FICA)</u>				1,872
<p>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 \$115,800 in 2014 to \$119,100 in 2015. The OASDI tax rate will remain at 6.2% in both 2014 and FY 2015.</p>				
2015		\$1,314,619,539 x .998x .8833 x .062		71,851

	FTE	Amount \$000	FTE	Amount \$000
2014 \$1,314,619,539 x .982 x .8833 x .062		69,979		
		<hr/> 1,872		
Total adjustment-to-base		1,872		
<u>Health Insurance</u>				3,296
Effective January 2013, this bureau's contribution to Federal employees' health insurance premiums increased by 3.93%. Applied against the 2014 estimate of \$83,860,000 the additional amount required is \$3,296k.				
<u>Post-Retirement Benefits to OPM</u>				5,691
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>Rental Payments to GSA</u>				1,484
GSA rates are projected to increase 1.6% in 2015. This percentage was applied to the 2014 estimate to arrive at an increase of \$1,484k.				
<u>GPO / Non GPO Printing</u>				
GPO has provided an estimated rate increase of 1.7%. This percentage was applied to the 2014 estimate to arrive at an increase of \$1,746k.				1,746
<u>Working Capital Fund - (DOC Departmental Management)</u>				330

	FTE	Amount \$000	FTE	Amount \$000
<u>General Pricing Level Adjustment</u>				11,739
<p>This request applies OMB economic assumptions for FY 2015 to object classes where the prices the government pays are established through the market system. Inflation Factors at an average of 1.4% were applied to travel, transportation of things, rental payments to others, communications, utilities and miscellaneous charges; other contractual services; supplies and materials and equipment.</p>				
Subtotal, Other Changes				<hr/>
Total, Adjustments to Base			632	170,075

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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: Subactivity:	Patent Program Patents	FY 2013		FY 2014 Current Plan		FY 2015 Base		FY 2015 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Patent Examining	Pos./Obl	10,254	1,656,032	10,431	1,812,321	10,431	1,926,499	10,981	1,986,309	550	59,809
	FTE	9,218	-	9,899	-	10,343	-	10,619	-	276	-
Patent Trial and Appeals	Pos./Obl	328	44,528	415	59,221	415	69,229	489	77,354	74	8,125
	FTE	95		303		350		387		37	-
Patent Information Resources	Pos./Obl	173	82,698	176	135,226	179	137,726	179	145,684	-	7,958
	FTE	149		172		178		178		-	-
Subtotal Direct	Pos./Obl	10,755	1,783,259	11,022	2,006,767	11,025	2,133,455	11,649	2,209,347	624	75,892
	FTE	9,462		10,373		10,870		11,183		313	
Management Goal - Allocated	Pos./Obl	832	448,121	854	608,261	850	635,840	860	640,728	10	4,888
	FTE	643		757		837		846		8	-
Total	Pos./Obl	11,587	2,231,380	11,876	2,615,028	11,875	2,769,295	12,509	2,850,075	634	80,779
	FTE	10,105		11,130		11,708		12,029		321	

Exhibit 12 – Justification of Patent Program and Performance

BUDGET PROGRAM: Patent Program

For FY 2015, the USPTO requests a total of \$2,850.1 million and 12,029 FTE for the Patent Program (including inflationary adjustments). This funding includes an increase of \$80.8 million and 313 FTE over the base.

PROGRAM BUDGET PROFILE (Dollars in thousands)							
Funding Requirements by Sub Program	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Patent Examining	\$1,656,032	\$1,812,321	\$1,986,309	\$2,099,440	\$2,145,234	\$2,209,583	\$2,289,547
Patent Trial and Appeals	\$44,528	\$59,221	\$77,354	\$89,563	\$97,424	\$130,681	\$132,167
Patent Information Resources	\$82,698	\$135,226	\$145,684	\$113,756	\$103,500	\$100,380	\$101,358
Management Goal - Allocated	\$448,121	\$608,261	\$640,728	\$633,012	\$638,465	\$649,046	\$663,874
TOTAL	\$2,231,380	\$2,615,028	\$2,850,075	\$2,935,771	\$2,984,623	\$3,089,690	\$3,186,946
FTE	10,105	11,130	12,029	12,262	12,137	12,101	12,151

PROGRAM JUSTIFICATION

Patent Program Overview

The USPTO’s 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 also supports the Agency Priority Goal to Advance Commercialization of New Technologies by Reducing Patent Application Pendency and Backlog as follows:

By September 30, 2015, the Department will reduce patent pendency for first action and total pendency from the end of FY 2012 levels of 21.9 and 32.4 months to 15.7 and 26.4

months, as well as the unexamined patent application backlog of 608,283 to 534,900. Additionally, the Patent quality composite score will be improved from 72.4 to 100 percent of the FY 2015 target.

The USPTO is modifying its Patent plans as a result of the financial uncertainty under which the Office operated in FY 2013. In FY 2013, the USPTO hired 538 examiners (a net of 129 after attrition) compared to planned hires of 1,000. As a result, the USPTO plans to hire 1,000 examiners in each of FY 2014 and FY 2015 (net 621 and 550 respectively after attrition), compared to the 250 planned hires in the FY 2014 President's Budget. This will enable the USPTO to reduce the RCE backlog by approximately 23 percent by the end of FY 2015, and offset the reduced production resulting from CPC implementation. At the same time, the USPTO will 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.

In addition to hiring patent examiners, these results will be accomplished by continuing to invest 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. Other FY 2015 funding priorities include addressing workload at the Patent Trial and Appeal Board (PTAB), and continuing to invest in Patent IT.

The strategic and USPTO Priority Goal will be met by achieving the following objectives as set forth in the *USPTO 2014-2018 Strategic Plan*:

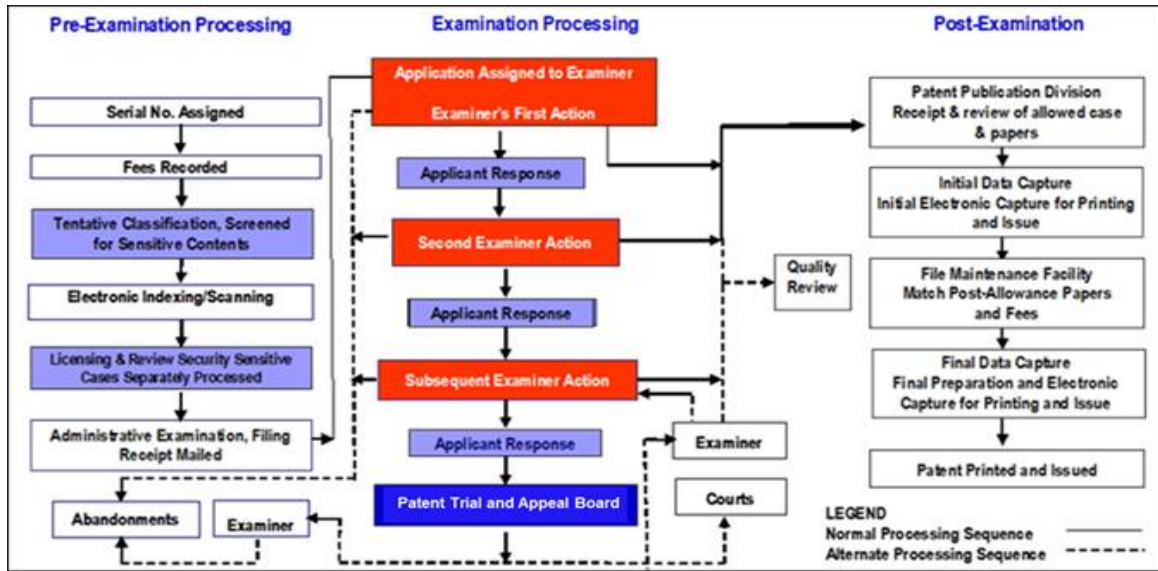
- Refine Optimal Patent Pendency
- Increase Efficiencies and Patent Examination Capacity to Align with the Optimal Pendency
- Increase International Cooperation and Work Sharing
- Continue to Enhance Patent Quality
- Ensure Optimal IT Service Delivery to All Users
- Continue and Enhance Stakeholder and Public Outreach
- Maintain the PTAB's Ability to Provide Timely and High Quality Decisions

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, which is the cornerstone of economic growth. The Strategy for American Innovation depends, in part, on the USPTO's success in reducing the excess inventory of patent applications awaiting first office action, maintaining an appropriate patent application working level inventory and pendency (the time it takes to have a patent application examined) – both of which affect the delivery of innovative goods and services to market and the related economic growth and creation of high-paying jobs.

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 (\$1,926.5 million and 10,343 FTE)

Patent Pre-Examination Processing: \$127.5 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: \$1,713.1 million and 10,157 FTE

In this stage, the application is placed on the docket of one of the 7,928 UPR or 123 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, search support, and classification services. A patent classification system is necessary to address the effective assignment of applications for examination, and to improve the system used for locating prior art relevant to determining patentability. 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.

Additionally, the USPTO provides its patent examiners detailed training in efficient interview techniques and in compact prosecution. These are all targeted 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 also 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 Patent Cooperation Treaty (PCT) legal advisory activities.

Patent Post-Examination Processing: \$85.9 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 Trial and Appeals (\$69.2 million and 350 FTE)

When an applicant does not agree with a final rejection notice, the applicant has the option to file a notice of appeal. 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.

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. The PTAB will make a decision based upon the record. 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 in derivation proceedings.

Sub-Program #3: Patent Information Resources (\$137.7 million and 178 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 (\$635.8 million and 837 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, 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 increase of 577 FTE and \$154.3 million to fund adjustments to current programs for the Patent Program activities. This increase will provide the annualization of the FY 2014 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 7-8, and on the Data Visualization Center at www.USPTO.gov.

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

Department of Commerce
U.S. Patent and Trademark Office
PATENT PROGRAM
INCREASES FOR 2015
(Dollar amounts in thousands)

		2015 Base		2015 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Direct Total, Patent Program	Pos./Obl.	11,025	2,133,455	11,649	2,209,347	624	75,892
	FTE	10,870		11,183		313	
<i>Patent Examining</i>	<i>Pos./Obl.</i>	<i>10,431</i>	<i>1,926,499</i>	<i>10,981</i>	<i>1,986,309</i>	<i>550</i>	<i>59,809</i>
	<i>FTE</i>	<i>10,343</i>		<i>10,619</i>		<i>276</i>	
<i>Workload</i>							
Patent Examiner New Hires	Pos./Obl.					550	24,198
	FTE					276	
Overtime / Production Incentive	Pos./Obl.					-	7,745
	FTE					-	
Nationwide Workforce and Space	Pos./Obl.					-	5,725
	FTE					-	
PCT Searching Contract	Pos./Obl.					-	2,547
	FTE					-	
Workload Processing Contracts	Pos./Obl.					-	11,670
	FTE					-	
<i>Quality</i>							
Examiner Search Capabilities	Pos./Obl.					-	3,126
	FTE					-	
Patent Examiner Training	Pos./Obl.					-	4,798
	FTE					-	

		2015 Base		2015 Estimate		(Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
<i>Patent Trial and Appeals</i>	<i>Pos./Obl.</i>	415	69,229	489	77,354	74	8,125
	<i>FTE</i>	350		387		37	-
PTAB Production and AIA Workload	Pos./Obl.					74	8,125
	FTE					37	
<i>Patent Information Resources</i>	<i>Pos./Obl.</i>	179	137,726	179	145,684	-	7,958
	<i>FTE</i>	178		178		-	
Patent Business Projects	Pos./Obl.					-	7,958
	FTE					-	

Department of Commerce
U.S. Patent and Trademark Office
PATENT PROGRAM
INCREASES FOR 2015 - 2019
(Dollar amounts in thousands)

		FY 2015 Increase (Decrease)		FY 2016 Increase (Decrease)		FY 2017 Increase (Decrease)		FY 2018 Increase (Decrease)		FY 2019 Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Direct Total, Patent Program	Pos./Obl.	624	75,892	454	89,277	375	82,624	373	90,777	469	117,303
	FTE	313		538		413		373		423	
<i>Patent Examining</i>	<i>Pos./Obl.</i>	<i>550</i>	<i>59,809</i>	<i>343</i>	<i>95,749</i>	<i>239</i>	<i>94,329</i>	<i>237</i>	<i>104,832</i>	<i>333</i>	<i>132,265</i>
	<i>FTE</i>	<i>276</i>		<i>447</i>		<i>290</i>		<i>237</i>		<i>287</i>	
<i>Workload</i>											
Patent Examiner New Hires	Pos./Obl.	550	24,198	343	37,720	239	24,514	237	21,961	333	30,882
	FTE	276	-	447		290		237		287	
Overtime / Production Incentive	Pos./Obl.	-	7,745	-	12,930	-	12,413	-	13,106	-	14,771
	FTE	-	-	-		-		-		-	
Nationwide Workforce and Space	Pos./Obl.	-	5,725	-	3,928	-	3,920	-	3,913	-	3,904
	FTE	-	-	-		-		-		-	
PCT Searching Contract	Pos./Obl.	-	2,547	-	1,691	-	(1,186)	-	(862)	-	(834)
	FTE	-	-	-		-		-		-	
Workload Processing Contracts	Pos./Obl.	-	11,670	-	28,320	-	40,115	-	52,225	-	64,031
	FTE	-	-	-		-		-		-	

		FY 2015 Increase (Decrease)		FY 2016 Increase (Decrease)		FY 2017 Increase (Decrease)		FY 2018 Increase (Decrease)		FY 2019 Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Quality											
Examiner Search Capabilities	Pos./Obl.	-	3,126	-	5,363	-	7,785	-	10,556	-	13,588
	FTE	-	-	-	-	-	-	-	-	-	-
Patent Examiner Training	Pos./Obl.	-	4,798	-	5,798	-	6,768	-	3,933	-	5,923
	FTE	-	-	-	-	-	-	-	-	-	-
Patent Trial and Appeals	Pos./Obl.	74	8,125	111	19,601	136	26,718	136	29,714	136	30,135
	FTE	37	-	92	-	123	-	136	-	136	-
PTAB Production and AIA Workload	Pos./Obl.	74	8,125	111	19,601	136	26,718	136	29,714	136	30,135
	FTE	37	-	92	-	123	-	136	-	136	-
Patent Information Resources	Pos./Obl.	-	7,958	-	(26,073)	-	(38,424)	-	(43,769)	-	(45,098)
	FTE	-	-	(0)	-	(0)	-	(0)	-	(0)	-
Patent Business Projects	Pos./Obl.	-	7,958	-	(26,073)	-	(38,424)	-	(43,769)	-	(45,098)
	FTE	-	-	(0)	-	(0)	-	(0)	-	(0)	-

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 2015:

- 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 release of the *USPTO 2010-2015 Strategic Plan* in September 2010, is expected to continue under the *USPTO 2014-2018 Strategic Plan*, which is supported by this Budget. Compared to end of FY 2009 actuals, end of FY 2013 first action pendency was 18.2 months, down from 25.8 months; total pendency is 29.1 months, down from 34.6 months; and backlog of unexamined applications is at 594,998, down from 718,835. During this same time, examiner staffing increased from 6,145 to 7,928.

PROGRAM CHANGES

Patent Examining (+276 FTE and +\$59.8 million): The USPTO requires an increase of \$59.8 million and an increase of 276 FTE for a total of \$1,986.3 million and 10,619 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. Patent Examining consists of the following three components that are described in the Patent Program section above: Pre-Examination, Examination, and Post-Examination.

This program change consists of several initiatives that are necessary to continue making the pendency and backlog reductions that are a critical part of the Department's innovation strategic goal for transforming our economy, fostering U.S. competitiveness, and driving the development of new businesses. Not funding these initiatives puts the Department and USPTO at risk for mission failure.

Proposed Actions:

The Patent Examining program change encompasses the patent workload and quality objectives that are designed to provide 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 639,300 new applications (six percent above the projected FY 2014 level) that are projected to be filed in FY 2015;
- reduce the current backlog of unexamined patent applications to approximately 534,900 or about 26 percent below the end of FY 2009 level, as documented in patent production modeling;
- provide timely examination of patent applications by reducing the time to first office action to 10.9 months in 2019; and
- reduce average total pendency to 19.8 months in 2019.

The FY 2015 Budget initiatives, which are necessary because the Office continually faces heavy workloads and a shift of applications from traditional arts to more complex technologies, are categorized as follows:

- **Workload Initiatives.** These are initiatives that are driven by the requirement to process incoming work for which applicants have paid fees. Such initiatives, more fully described below, increase 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.

Patent Workload-Driven Initiatives

Patent Examiner New Hires. In FY 2015, the USPTO will continue to invest in new patent examiner hires and overtime, which are calibrated through the patent production modeling to maintain the size of the patent examining staff in view of increasing application filings. The projected level of workload requires the hiring of 1,000 new patent examiners (offset by attritions of 450) 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 2015 will be approximately 9,000.

The patent application filings are projected to increase by 6.5 percent in FY 2014 and 6.0 percent in FY 2015 (compared to prior projections of 5.0 percent each year). The production model takes into consideration this revised incoming work as well as the annual productivity of examiners hired in prior years due to their seniority and mastery of the patent examination process. While this careful calibration between workload and hires has enabled the USPTO to continue making progress on its patent pendency and inventory reduction plan, it has also necessitated revising the timing for achieving the pendency reduction targets.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 24,198	\$ 37,720	\$ 24,514	\$ 21,961	\$ 30,882
FTE	276	447	290	237	287

Overtime/Production Incentives is another tool used by the USPTO to continue increasing production. 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. Contingent on funding availability, the Patent organization's strategy is to prioritize the use of overtime by targeting technology areas with the highest backlogs first.

Funds are also required for production based incentives tied to growth in staffing levels. Incentives for examiners are based on their exceeding acceptable production levels, including components of timeliness and quality for their grade. Target production levels are established based on organizational performance goals with incentive amounts based on predetermined levels achieved above the targets. The incentive levels are measured, tracked and evaluated on a bi-weekly basis. Each additional work product produced as a result of production based incentives is held to the same level of timeliness and quality review as a work product produced during normal output. As a fully fee-funded organization with a cadre of highly-skilled examiners and a quality review system that is ISO²-9001:2008 certified, the more work products our employees produce, the more revenue we generate. Further, each additional unit of production produced as a result of incentives reduces the costs of hiring additional examiners that would be required to examine new applications. Therefore, the Office realizes savings every time the incentive levels are achieved.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 7,745	\$ 12,930	\$ 12,413	\$ 13,106	\$ 14,771
FTE	-	-	-	-	-

Nationwide Workforce and Space. The USPTO recognized the need to broaden hiring practices to achieve its hiring targets and attract patent examiner expertise in locations across the country. Establishment of a nationwide workforce is a key USPTO priority.

This initiative provides for a USPTO presence in four additional metropolitan areas, with the first satellite office established in Detroit, Michigan in July 2012. Subsequent offices have been initiated in Dallas, Texas; Denver, Colorado; and Silicon Valley, California. A nationwide workforce will directly aid the hiring of patent examiners by creating an awareness of the USPTO and its role in the U.S. economy, educating potential applicants about the job of patent examination, and serving as an outlet for IP education to inventors, law students, practitioners and the public education systems. While meeting the Office's hiring needs and space demands, this initiative enables the expansion of the USPTO presence as a business and academic partner for innovation.

Initially, the USPTO will be evaluating the program based on customer, stakeholder, and employee input. Over the longer term, the USPTO will be seeking to leverage opportunities for greater efficiency and flexibility arising from development of end-to-end electronic patent processing and other ongoing process improvement efforts. For example, the USPTO transitioned the examiners' workstations such that every examiner has a universal laptop,

² International Organization for Standardization

including collaboration tools, for use when working from home and on the work campus. Training at the satellite offices will be provided in a variety of formats to meet examiners' needs such as streaming classes, computer-based training, and physical and virtual libraries of topical selections. The USPTO is also examining how to leverage new telecommunications technologies and practices such as video teleconferencing to expand its geographic reach. This mode of training will allow the Office to continue to conduct its business throughout the country without compromising quality.

The net increase in FY 2015 funds would enable the opening of permanent offices at the three additional sites, as well as continued operational requirements, such as rent and travel. The nationwide workforce new hires are accounted for as part of the overall examiner staffing plan for FY 2015.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 5,725	\$ 3,928	\$ 3,920	\$ 3,913	\$ 3,904
FTE	-	-	-	-	-

Patent Cooperation Treaty (PCT) Searching Contract. The USPTO continues to contract for international search reports and written opinions for approximately 17,500 PCT Chapter I cases, roughly equal to the FY 2015 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 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 examiners, resulting in fewer U.S. national applications being processed, which would equate to reduced production and fewer fee collections. Funds are required to reduce the backlog that occurred due to budget constraints in FY 2013 and to continue contractor support for PCT Chapter I cases.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 2,547	\$ 1,691	\$ (1,186)	\$ (862)	\$ (834)
FTE	-	-	-	-	-

Workload Processing Contracts. The Patent organization's largest contracts are driven by the growth, and the increasing experience and productivity of the examination workforce. Work due to increasing numbers of applications, examiner production, and output must be funded commensurately in order to continue processing work and issuing patents. Specifically funds will be 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.

Funds requested for FY 2015 and the out years reflect the full projected cost for having the contractors' process incoming work.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 11,670	\$ 28,320	\$ 40,115	\$ 52,225	\$ 64,031
FTE	-	-	-	-	-

Patent Quality Initiatives

Examiner Search Capabilities – A crucial portion of the examination process is the search by an examiner for prior art pertinent to the invention claimed in an application. The "search" is an investigation of relevant patents and non-patent literature (technical journals, manuals, etc.) to determine if a claimed invention is new, useful, and non-obvious. In performing the search, an examiner relies on "prior art," the body of public knowledge (which includes patents, non-patent literature and common practice) known at the time the invention was created. Several planned activities focus in whole or in part on this vital phase of the examination process. With each new application an examiner must conduct a search of the relevant patent and non-patent literature. For many emerging technologies commercial databases provide the most relevant sources of prior art. The availability of non-patent literature in electronic form from commercial databases is also proving to be of increasing value for traditional technologies. This activity is directed toward the improvement of examination search quality by expanding the sources of electronic non-patent literature and supporting an increasing number of patent examiners.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 3,126	\$ 5,363	\$ 7,785	\$ 10,556	\$ 13,588
FTE	-	-	-	-	-

Patent Examiner Training. Funds are required for the USPTO's tuition assistance for non-duty-hours legal studies program, which is available to eligible employees who have been accepted at an after-hours accredited law school. The program provides needed training to increase the depth of legal knowledge within the Patent Examining Corps and furthers the goals of the Office's strategic plan. It is a unique opportunity for patent examiners to develop additional legal expertise. The program offers the opportunity for examiners, with at least two years of service, an opportunity to take up to 24 credits per year in legal studies, provided they sign a two year continuing service agreement.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 4,798	\$ 5,798	\$ 6,768	\$ 3,933	\$ 5,923
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 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 Balanced Scorecard that accompanies the *USPTO 2014-2018 Strategic Plan*.

Sub-Program: Patent Trial and Appeals

The Patent Trial 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 2015:

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

PROGRAM CHANGE

Improve Appeal and Post-Grant Processes (+ \$8.1 million and +37 FTE): The USPTO requires an increase of \$8.1 million and 37 FTE for a total of \$77.4 million and 387 FTE to provide the PTAB with additional positions to address the workload coming from the Patent examining corps (i.e., appeals), and AIA implementation.

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 patents are developed commercially, they create jobs for the companies that are marketing the products, 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 review appeals cases and decide to affirm, reverse, or affirm in part a rejection in a patent application under appeal. The PTAB must manage pendency for three different activities: The AIA trials which, by statute, must be adjudicated within one year of the institution of a trial; re-examination petitions which, by statute, must be completed with "special dispatch"; and ex parte appeals. There is no timeliness requirement for the latter, but the PTAB is committed to reducing the backlog of cases by hiring to the extent possible, clearing the oldest cases, and reassigning judges according to greatest need. The average number of cases under review at any given time is approximately 1,500, some of which can take more than a year to resolve. 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 address the results of historic growth in workload, due in part to Patents' hiring. In addition, the recently enacted AIA patent reform legislation creates new programs to be administered by the USPTO, and changes some program activities that are currently being carried out. Under the AIA, the PTAB is required to conduct four new or different 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).

The following table shows the growth in workload, and projected APJ staffing levels to meet the statutory timeline requirements and reduce ex parte appeal pendency. To meet the

increasing workload in both ex parte appeals and AIA proceedings, in addition to hiring APJs, the PTAB plans to hire 30 Patent Attorneys in FY 2015.

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Docketed ex parte appeals	12,538	13,740	13,200	11,500	11,900	12,200	13,200	13,600	13,900	14,400
Ex parte Appeal pendency (months)	12	17	23	26	27	28	25	20	16	13
AIA appeals	N/A	N/A	25	575	1,200	1,575	1,750	1,925	2,100	2,325
AIA pendency (months)	N/A	N/A	N/A	N/A	12	12	12	12	12	12
Total inventory of cases (EOY)	17,851	24,040	26,595	26,000	26,700	26,400	24,400	21,000	19,100	18,900
APJs	76	100	147	184	249	289	324	349	349	349

Funds were required in FY 2012 through FY 2014 for new APJ positions to more effectively manage the spike in inventory and stem an unacceptable pendency level. With the requested resources, the PTAB plans to reduce appeal pendency to an optimal state, while maintaining the statutory time to complete AIA proceedings.

Without the FY 2015 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 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 8,125	\$ 19,601	\$ 26,718	\$ 29,714	\$ 30,135
FTE	37	92	123	136	136

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 patents are developed commercially, they create jobs for the companies that are marketing products and for their suppliers, distributors, and retailers. The PTAB may have any one such patent in its inventory awaiting decision. 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 such 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 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 2015:

- Ensure Optimal Information Technology Service Delivery to All Users

PROGRAM CHANGE

Patent Information Resources (+\$8.0 million): The USPTO requires an increase of \$8.0 million for a total of \$145.7 million and 178 FTE for the Patent IT Portfolio.

Proposed Action

Patent Business Projects. In FY 2015, version 1.0 of the new PE2E capability will be deployed. The efforts launched in FY 2015 will enable the USPTO to begin to retire 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. Additional work is also required in FY 2015 to leverage PE2E capabilities to incorporate data from other WIPO members, including translations of foreign documents into the USPTO’s internal search systems and enhancing foreign dossier access for USPTO examiners. Partial offsets in FY 2015 through FY 2019 will come from the need for less investment in patent legacy systems due to deployment of initial end-to-end processing capability, intelligent application submission, and plans for retiring certain legacy systems.

Enhanced capabilities and integration with other office automated information systems are planned for PTAB’s Patent Review Processing System (PRPS) in FY 2014 and FY 2015.

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 7,958	\$ (26,073)	\$ (38,424)	\$ (43,769)	\$ (45,098)
FTE	-	(0)	(0)	(0)	(0)

Statement of Need and Economic Benefit

This program change would improve IT service delivery to both employees and users of the patent systems. The USPTO’s CPIC process governs how 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 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: Patents
 Subactivity:

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
Patent Examiner	Alexandria, VA	GS 5	23	54,555	1,254,765
Patent Examiner	Alexandria, VA	GS 7	442	67,589	29,874,338
Patent Examiner	Alexandria, VA	GS 9	354	76,859	27,208,086
Patent Examiner	Alexandria, VA	GS 11	165	83,877	13,839,705
Patent Examiner	Alexandria, VA	GS 12	8	90,852	726,816
Patent Examiner	Alexandria, VA	GS 13	5	108,036	540,180
Patent Examiner	Alexandria, VA	GS 14	3	127,665	382,995
Patent Examiner Attritions	Alexandria, VA	Avg GS 11	(450)	84,330	(37,948,500)
Administrative Patent Judges	Alexandria, VA	GS SES	40	165,300	6,612,000
Patent Attorney	Alexandria, VA	GS 14	15	119,238	1,788,570
Patent Attorney	Alexandria, VA	GS 15	15	140,259	2,103,885
Management & Program Analyst	Alexandria, VA	GS 13	1	100,904	100,904
Management Information Systems Specialist	Alexandria, VA	GS 13	1	100,904	100,904
Support Services Assistant	Alexandria, VA	GS 7	1	47,838	47,838
Data Analyst	Alexandria, VA	GS 12	1	84,855	84,855
Total			624		46,717,341
Less Average Lapse		50%	311		23,294,867
Total full-time permanent (FTE)			313		23,422,474
2014 Pay Adjustment	1.0%				234,230
2015 Pay Adjustment	1.0%				236,573
TOTAL					23,893,277
Personnel Data			Number		
Full-Time Equivalent Employment					
Full-time permanent			313		
Other than full-time permanent			-		
Total			313		
Authorized Positions:					
Full-time permanent			624		
Other than full-time permanent			-		
Total			624		

Exhibit 15

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Patents
Subactivity:

Object Class	2015 Increase
11 Personnel compensation	
11.1 Full-time permanent	23,893
11.3 Other than full-time permanent	
11.5 Other personnel compensation	8,027
11.8 Special personnel services payments	
11.9 Total personnel compensation	31,920
12 Civilian personnel benefits	7,365
13 Benefits for former personnel	
21 Travel and transportation of persons	956
22 Transportation of things	0
23.1 Rental payments to GSA	-
23.2 Rental payments to others	3,058
23.3 Communications, utilities and miscellaneous charges	585
24 Printing and reproduction	9,801
25.1 Advisory and assistance services	2,547
25.2 Other services	4,915
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	2,842
25.8 Subsistence and support of persons	
26 Supplies and materials	2,388
31 Equipment	9,557
32 Lands and structures	-
33 Investments and loans	
41 Grants, subsidies and contributions	
42 Insurance claims and indemnities	(42)
43 Interest and dividends	-
44 Refunds	-
99 Total obligations	75,892

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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		FY 2013		FY 2014		FY 2015		FY 2015		Increase/	
Subactivity:	Trademarks				Current Plan		Base		Estimate		(Decrease)	
Sub-Activity:			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Trademark Examining	Pos./Obl		646	99,210	675	107,383	675	111,847	710	113,402	35	1,555
	FTE		615		652		665		681		16	
Trademark Appeals and Inter Partes Proceedings	Pos./Obl		73	10,941	73	11,669	73	12,087	77	13,040	4	953
	FTE		64		70		70		74		4	-
Trademark Information Resources	Pos./Obl		85	38,175	87	61,118	88	62,383	88	49,865	-	(12,518)
	FTE		69		86		88		88		-	-
Subtotal Direct	Pos./Obl		804	148,326	835	180,170	836	186,317	875	176,307	39	(10,010)
	FTE		748		808		823		843		20	
Management Goal Allocated	Pos./Obl		152	63,122	147	92,766	147	96,875	150	97,826	3	952
	FTE		111		131		145		147		2	-
Total	Pos./Obl		957	211,447	983	272,936	983	283,192	1,025	274,134	42	(9,058)
	FTE		859		939		968		990		22	

Exhibit 12 – Justification of Trademark Program and Performance

BUDGET PROGRAM: Trademark Program

For FY 2015, the USPTO requires a decrease of \$9.1 million and increase of 22 FTE over the FY 2015 base program for a total of \$274.1 million and 990 FTE for the Trademark Program.

PROGRAM BUDGET PROFILE (Dollars in thousands)							
Funding Requirements by Sub Program	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Trademark Examining	\$99,210	\$107,383	\$113,402	\$119,701	\$126,284	\$133,296	\$140,298
Trademark Appeals and Inter Partes Proceedings	\$10,941	\$11,669	\$13,040	\$13,618	\$13,985	\$14,367	\$14,740
Trademark Information Resources	\$38,175	\$61,118	\$49,865	\$43,397	\$44,655	\$44,650	\$45,254
Management Goal Allocated	\$63,122	\$92,766	\$97,826	\$96,739	\$97,590	\$98,943	\$101,184
TOTAL	\$211,447	\$272,936	\$274,134	\$273,455	\$282,514	\$291,257	\$301,475
FTE	859	939	990	1,034	1,081	1,127	1,172

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.

These goals will be met by achieving the following objectives as set forth in the *USPTO 2014-2018 Strategic Plan*:

- Maintain Trademark First Action Pendency on Average Between 2.5-3.5 Months With 12.0 Months Final Pendency
- Maintain High Trademark Quality
- Ensure Optimal IT Service Delivery to All Users

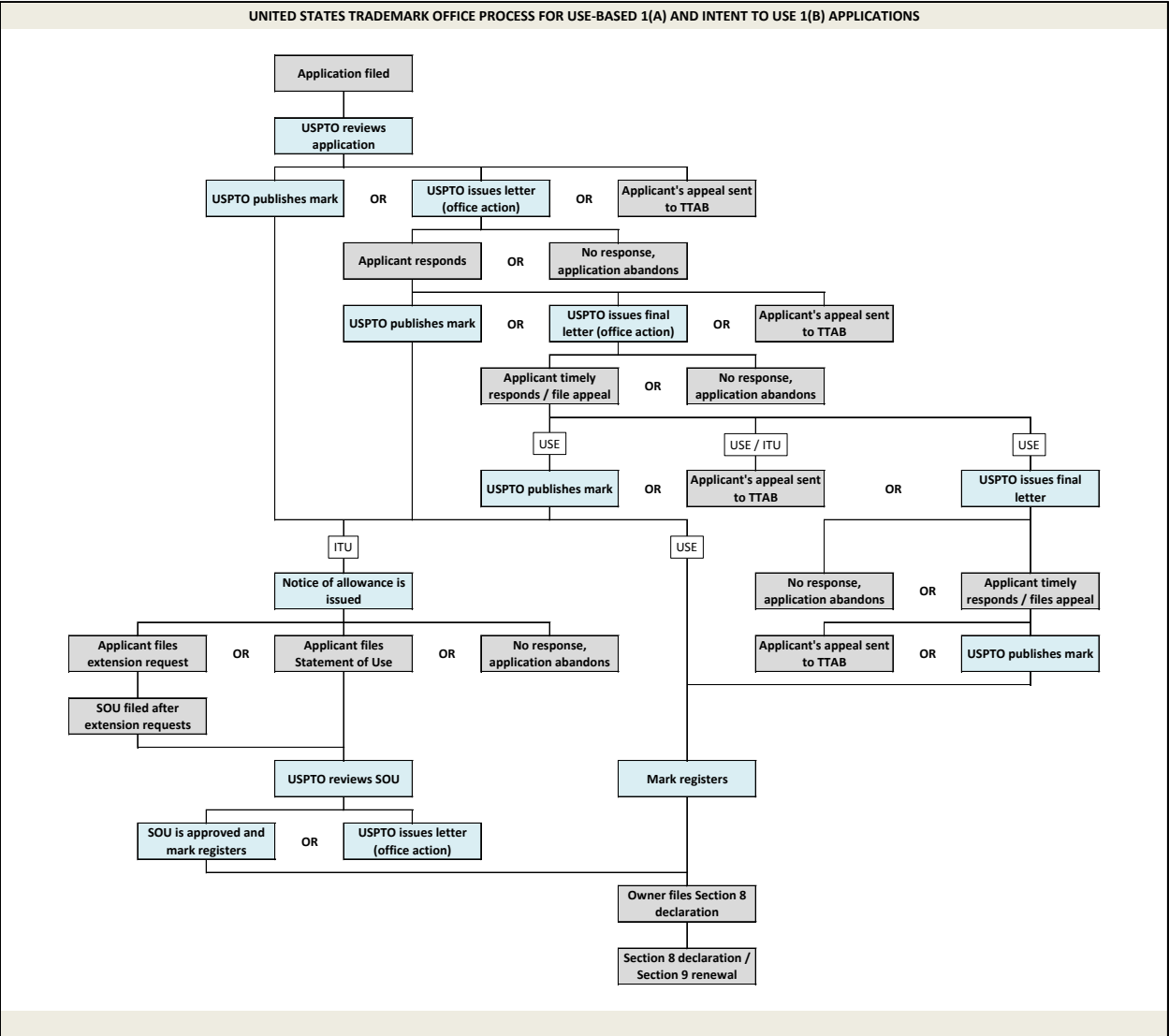
- Continue and Enhance Stakeholder and Public Outreach
- Enhance Operations of Trademark Trial and Appeal Board (TTAB)

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 seven 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.

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 any possible appeal from a refusal, a trademark application is published in the electronic Official Gazette. Trademarks or marks are published prior to registration to permit interested parties to file an opposition 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.



Sub-Program #1: Trademark Examining (\$111.8 million and 665 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 on-line resources 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 on-line 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 on-line 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: \$9.4 million and 66 FTE

More than 99 percent of trademark applications for registration of a mark are currently filed electronically, and 79 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. 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: \$99.8 million and 575 FTE

One of the approximately 400 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 1.8 million registered marks and 600,000 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: \$2.6 million and 24 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 *Inter Partes* Proceedings (\$12.1 million and 70 FTE)

Administrative Trademark Judges on the TTAB review adverse registrability determinations by examining attorneys at the applicant's request, conduct opposition hearings where an interested party believes that it will be harmed by the registration of a published mark, and conduct other proceedings involving registrations where a third party wishes to challenge the validity of a registration.

Sub-Program #3: Trademark Information Resources (\$62.4 million and 88 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 (\$96.9 million and 145 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 29 FTEs and \$10.3 million to fund adjustments to current programs for the Trademark Program activities. This increase will provide the annualization of the FY 2014 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 7-8, and on the Data Visualization Center at www.uspto.gov.

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

Exhibit 13

Department of Commerce
U.S. Patent and Trademark Office
**TRADEMARK PROGRAM
INCREASES FOR 2015**
(Dollar amounts in thousands)

		2015 Base		2015 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Direct Total, Trademark Program	<i>Pos./Obl.</i>	836	186,317	875	176,307	39	(10,010)
	<i>FTE</i>	823		843		20	
Trademark Examining	<i>Pos./Obl.</i>	675	111,847	710	113,402	35	1,555
	<i>FTE</i>	665		681		16	
Trademark Workload	<i>Pos./Obl.</i>					35	1,555
	<i>FTE</i>					16	
Trademark Trial and Appeals	<i>Pos./Obl.</i>	73	12,087	77	13,040	4	953
	<i>FTE</i>	70		74		4	
TTAB Staffing	<i>Pos./Obl.</i>					4	953
	<i>FTE</i>					4	
Trademark Information Resources	<i>Pos./Obl.</i>	88	62,383	88	49,865	-	(12,518)
	<i>FTE</i>	88		88		-	
Trademark Business Projects	<i>Pos./Obl.</i>					-	(12,518)
	<i>FTE</i>					-	

Department of Commerce
U.S. Patent and Trademark Office
TRADEMARK PROGRAM
INCREASES FOR 2015 - 2019
(Dollar amounts in thousands)

		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Direct Total, Trademark Program	Pos./Obl.	39	(10,010)	77	(12,498)	128	(7,198)	167	(2,857)	217	2,200
	FTE	20		62		109		154		200	
<i>Trademark Examining</i>	<i>Pos./Obl.</i>	<i>35</i>	<i>1,555</i>	<i>71</i>	<i>6,113</i>	<i>121</i>	<i>11,035</i>	<i>159</i>	<i>16,223</i>	<i>208</i>	<i>21,521</i>
	<i>FTE</i>	<i>16</i>		<i>54</i>		<i>97</i>		<i>139</i>		<i>183</i>	
Trademark Workload	Pos./Obl.	35	1,555	71	6,113	121	11,035	159	16,223	208	21,521
	FTE	16	-	54		97		139		183	
<i>Trademark Trial and Appeals</i>	<i>Pos./Obl.</i>	<i>4</i>	<i>953</i>	<i>6</i>	<i>1,404</i>	<i>7</i>	<i>1,642</i>	<i>8</i>	<i>1,893</i>	<i>9</i>	<i>2,134</i>
	<i>FTE</i>	<i>4</i>		<i>6</i>		<i>7</i>		<i>8</i>		<i>9</i>	
TTAB Staffing	Pos./Obl.	4	953	6	1,404	7	1,642	8	1,893	9	2,134
	FTE	4	-	6		7		8		9	
<i>Trademark Information Resources</i>	<i>Pos./Obl.</i>	<i>-</i>	<i>(12,518)</i>	<i>-</i>	<i>(20,015)</i>	<i>-</i>	<i>(19,875)</i>	<i>-</i>	<i>(20,973)</i>	<i>-</i>	<i>(21,455)</i>
	<i>FTE</i>	<i>-</i>		<i>2</i>		<i>5</i>		<i>7</i>		<i>8</i>	
Trademark Business Projects	Pos./Obl.	-	(12,518)	4	(20,015)	6	(19,875)	8	(20,973)	8	(21,455)
	FTE	-	-	2		5		7		8	

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 2015:

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

PROGRAM CHANGE

Trademark Examining (+\$1.6 million and +16 FTE): The USPTO requires an increase of \$1.6 million and 16 FTE for a total of \$113.4 million and 681 FTE 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. 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 2013 through FY 2019, the Trademark organization projects a workload increase of 47 percent.

The projected increase in trademark application filings requires an increase in examination capacity to continue to meet pendency and quality performance goals. The Office plans to continue hiring examining attorneys to increase staffing relative to projected increases in filings.

Filings of new applications are expected to increase on average by about eight percent year over year. To handle the expected increase in workloads, the Office plans to increase examination staff by a net total of 23 new examining attorney positions, and 12 new supporting staffers. 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. About 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 realize cost reductions that partially offset the incremental cost of the new hires in FY 2015.

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 Actions

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 five percent in FY 2014 and FY 2015 and an eight percent increase each year beyond FY 2015), existing inventories, and examination capacity.

Trademark Workload. The Trademark organization requires an increase of \$1.6 million and 16 FTE for a total of \$113.4 million and 681 FTE to adjust 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 40 percent increase in annual trademark application filings from FY 2014 to FY 2019 requires a corresponding 39 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 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 1,555	\$ 6,113	\$ 11,035	\$ 16,223	\$ 21,521
FTE	16	54	97	139	183

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 Inter-Partes Proceedings

The Trademark Appeals and Inter-Partes 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 2015:

- Enhance Operations of the Trademark Trial and Appeal Board

PROGRAM CHANGE

TTAB Staffing (+\$1.0 million and +4 FTE): The USPTO requires an increase of \$1.0 million and 4 FTE for a total of \$13.0 million and 74 FTE.

Proposed Action

TTAB Staffing. In FY 2015, the Trademark Program requires an increase of \$1.0 million and 4 FTE to handle projected workload increases in FY 2015 and beyond, primarily from anticipated growth in ex parte appeals and trial cases. This growth is the result of 1) increased filing of trademark applications, and 2) shifting to alternate work models as new rules (to be pursued in FY 2014) are implemented to increase process efficiencies in appeal and trial case processing. The latter will entail more hands-on case management to ensure that appeals and trial cases are completed in shorter time periods.

Figure 1: TTAB Projected Workload – FY 2013 through FY 2019

	FY 2013 Projected Actual	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Trademark Filings	333,100	350,800	379,200	415,400	455,400	494,600	536,200
Appeals	2,720	2,856	3,027	3,239	3,531	3,849	4,195
%change	3	5	6	7	9	9	9
Oppositions	5,270	5,534	5,977	6,395	6,843	7,185	7,616
% change	2	5	8	7	7	5	6
Cancellations	1,450	1,494	1,569	1,710	1,812	1,957	2,074
% change	(1)	3	5	9	6	8	6

In addition, TTAB anticipates needing additional judges to maintain their commitment to 1) issue a significant number of precedential decisions (45-50) 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.

The TTAB anticipates increases in appeal and trial case filings, contested motion work needing Judge disposition and/or review, extensive rulemaking and implementation, more robust outreach and continuing increased complexity and size of case records by FY 2015.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 953	\$ 1,404	\$ 1,642	\$ 1,893	\$ 2,134
FTE	4	6	7	8	9

Statement of Need and Economic Benefit

Failure to fund this initiative could have a negative impact on pendency of appeals ready for decision, which could increase from 11-12 weeks to 16-18 weeks. Delaying decisions on appeals and trial cases can and 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 following objective for which funds are required in FY 2015:

- Ensure Optimal IT Service Delivery to All Users

PROGRAM CHANGE

Trademark Information Resources (-\$12.5 million): The USPTO requires a decrease of \$12.5 million for a total of \$49.9 million and 88 FTE for its CIF.

Proposed Action

Trademark Business Projects. In FY 2015, the Trademark Program requires a decrease of \$12.5 million for its business projects. FY 2014 will be the peak year for TMNG development and deployment.

In FY 2015, the Trademark Program will continue to expand upon the initial TMNG capabilities; however, at a lesser rate of investment. The efforts launched in FY 2015 will begin to complete the work necessary to improve the interaction external customers have with the USPTO using the new TMNG capability. Investment in legacy system improvements decreases in FY 2015 as the benefits of modernization accrue and as retirement of legacy systems begins.

In addition, beginning in FY 2015, the Trademark organization requires additional positions and FTE to help support Trademark staff that utilize automated systems.

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$(12,518)	\$(20,015)	\$(19,875)	\$(20,973)	\$(21,455)
FTE	-	2	5	7	8

Statement of Need and Economic Benefit

This program change continues to improve Trademark operations and facilitate accomplishment of the Trademark goal to optimize trademark quality and timeliness. 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	33	68,712	2,267,496
TM Supervisory Attorney	Alexandria, VA	GS 15	2	123,758	247,516
TM Staff Attorney	Alexandria, VA	GS 15	3	136,134	408,402
Librarian	Alexandria, VA	GS 11	2	69,399	138,798
ID Class Attorney	Alexandria, VA	GS 15	2	123,758	247,516
TM Technical Info Specialist	Alexandria, VA	GS 11	2	68,712	137,424
Madrid Specialist	Alexandria, VA	GS 11	1	62,467	62,467
TM Examiner Attorney Attritions	Alexandria, VA	Avg GS 14	(10)	118,057	(1,180,570)
Administrative Trademark Judge (ATJ)	Alexandria, VA	AA 5	4	165,300	661,200
Total			39		2,990,249

less Lapse		43%	19		1,299,510
Total full-time permanent (FTE)			20		1,690,739
2014 Pay Adjustment	1.0%				16,907
2015 Pay Adjustment	1.0%				17,076
TOTAL					1,724,723

Personnel Data	Number
Full-Time Equivalent Employment	
Full-time permanent	20
Other than full-time permanent	0
Total	20

Authorized Positions:	
Full-time permanent	39
Other than full-time permanent	0
Total	39

Exhibit 15

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Trademarks
Subactivity:

	Object Class	2015 Increase
11	Personnel compensation	
11.1	Full-time permanent	1,725
11.3	Other than full-time permanent	
11.5	Other personnel compensation	225
11.8	Special personnel services payments	
11.9	Total personnel compensation	1,949
12	Civilian personnel benefits	502
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	(54)
23.3	Communications, utilities and miscellaneous charges	(0)
24	Printing and reproduction	1
25.1	Advisory and assistance services	-
25.2	Other services	9
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	(1,970)
25.8	Subsistence and support of persons	
26	Supplies and materials	30
31	Equipment	(10,484)
32	Lands and structures	-
33	Investments and loans	
41	Grants, subsidies and contributions	
42	Insurance claims and indemnities	-
43	Interest and dividends	-
44	Refunds	(1)
99	Total obligations	(10,010)

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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 2013		FY 2014 Current Plan		FY 2015 Base		FY 2015 Estimate		Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Policy and Administrative Support	Pos./Obl	94 15,458	99 19,419	99 23,193	99 23,193	-	-	-	-	-
	FTE	67	78	99	99	-	-	-	-	-
Governmental Affairs	Pos./Obl	11 1,238	9 1,562	9 1,737	9 1,737	-	-	-	-	-
	FTE	7	8	9	9	-	-	-	-	-
Global Intellectual Property Academy (GIPA)	Pos./Obl	24 2,688	23 5,878	23 6,252	23 6,252	-	-	-	-	-
	FTE	18	22	23	23	-	-	-	-	-
IPR Attaché Program	Pos./Obl	4 9,503	3 15,085	3 15,368	3 15,368	-	-	-	-	-
	FTE	2	3	3	3	-	-	-	-	-
IP PP&E Information Resources	Pos./Obl	0 38	0 1,054	0 1,069	0 1,361	-	292	-	-	-
	FTE	0	0	0	0	-	-	-	-	-
Subtotal Direct	Pos./Obl	133 28,924	134 42,998	134 47,619	134 47,911	-	292	-	-	-
	FTE	93	111	134	134	-	-	-	-	-
Management Goal - Allocated	Pos./Obl	74 17,517	57 17,349	57 18,281	59 18,779	2	498	2	0	0
	FTE	46	45	48	50	2	0	2	0	0
Total	Pos./Obl	207 46,441	191 60,347	191 65,900	193 66,689	2	790	2	0	0
	FTE	140	156	182	184	2	0	2	0	0

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 2015, the USPTO requires an increase of \$0.8 million and 2 FTE from the FY 2014 base for a total of \$66.7 million and 184 FTE for the IP PP&E Program.

PROGRAM BUDGET PROFILE (Dollars in thousands)							
Funding Requirements by Sub Program	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Policy and Administrative Support	\$15,458	\$19,419	\$23,193	\$23,453	\$23,741	\$24,032	\$24,327
Governmental Affairs	\$1,238	\$1,562	\$1,737	\$1,756	\$1,775	\$1,794	\$1,814
Global Intellectual Property Academy (GIPA)	\$2,688	\$5,878	\$6,252	\$6,334	\$6,417	\$6,501	\$6,586
IPR Attaché Program	\$9,503	\$15,085	\$15,368	\$15,625	\$15,886	\$16,152	\$16,422
IP PP&E Information Resources	\$38	\$1,054	\$1,361	\$1,357	\$1,376	\$1,417	\$1,472
Management Goal - Allocated	\$17,517	\$17,349	\$18,779	\$18,984	\$19,209	\$19,504	\$19,806
TOTAL	\$46,441	\$60,347	\$66,689	\$67,509	\$68,404	\$69,401	\$70,427
FTE	140	156	184	186	186	186	186

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.

These goals will be met by achieving the following objectives as set forth in the *USPTO 2014-2018 Strategic Plan*:

- Provide Leadership and Education on IP Policy and Awareness
- Provide Leadership and Education on International Agreements and Policies for Improving the Protection and Enforcement of IP Rights

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.

Base Justification

Sub-Program #1: Policy and Administrative Support (\$23.2 million and 99 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 the 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

OPIA plays a critical role in the U.S. Government's (USG) 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 U.S. Trade Representative (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.

OPIA'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 European Patent Office (EPO), the Japan Patent Office (JPO), the Korean IP Office (KIPO), and the State IP Office of the People's Republic of China (SIPO), collectively known as the IP5, which lead to work-sharing and Patent Prosecution Highway (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.

Sub-Program #2: Governmental Affairs (GA) (\$1.7 million and 9 FTE)

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 Departmental 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 Department and other agencies.

Sub-Program #3: Global Intellectual Property Academy (GIPA) (\$6.3 million and 23 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 Small to Medium-Sized Enterprises (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, such as those conducted with 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 #4: Intellectual Property Rights (IPR) Attaché Program (\$15.4 million and 3 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), Egypt, India, Russia, Switzerland, Mexico and Thailand. 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. There are currently attachés at all posts except Egypt and Shanghai. 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 #5: IP PP&E Information Resources (\$1.1 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 #6: Management Goal – Allocated (\$18.3 million and 48 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 26 FTEs and \$5.6 million to fund adjustments to current programs for the IP PP&E Program activities. This increase will provide the annualization of the FY 2014 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 7-8, and on the Data Visualization Center at www.USPTO.gov.

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 2015
 (Dollar amounts in thousands)

		2015 Base		2015 Estimate		Increase (Decrease)	
		<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Direct Total, Intellectual Property Policy, Protection and Enforcement Program	Pos./Obl.	134	47,619	134	47,911	-	292
	FTE	134		134		-	
<i>IP PP&E Information Resources</i>	<i>Pos./Obl.</i>	-	1,069	-	1,361	-	292
	<i>FTE</i>	-		-		-	-
IP PP&E Business Projects	Pos./Obl.					-	292
	FTE					-	

**INTELLECTUAL PROPERTY POLICY PROTECTION & ENFORCEMENT
INCREASES FOR 2015 - 2019**
(Dollar amounts in thousands)

		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Direct Total, Intellectual Property Policy, Protection and Enforcement Program	Pos./Obl.	-	292	-	271	-	272	-	294	-	329
	FTE	-		-		-		-		-	
<i>IP PP&E Information Resources</i>	<i>Pos./Obl.</i>	-	<i>292</i>	-	<i>271</i>	-	<i>272</i>	-	<i>294</i>	-	<i>329</i>
	<i>FTE</i>	-	-	-	-	-	-	-	-	-	-
IP PP&E Business Projects	Pos./Obl.	-	292	-	271	-	272	-	294	-	329
	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 2015:

- Leverage IT Investments to Achieve Business Results

Program Change

IP PP&E Information Resources (+\$0.3 million): The USPTO requires an increase of \$0.3 million for a total of \$1.4 million for its CIF.

Proposed Action

IP PP&E Business Projects. It is anticipated that the USPTO will continue investment in the document management system used to fulfill the IP PP&E program goals, including enhancing distance learning capabilities.

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 292	\$ 271	\$ 272	\$ 294	\$ 329
FTE	-	-	-	-	-

Statement of Need and Economic Benefit

This program change would improve IT infrastructure and tools. 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 web site. 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					
Total			<u>0</u>		<u>-</u>
less Lapse			<u>0</u>		<u>-</u>
Total full-time permanent (FTE)			0		-
2014 Pay Adjustment		1.0%			-
2015 Pay Adjustment		1.0%			-
TOTAL					<u>-</u>

Personnel Data

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

Exhibit 15

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: IP PP&E
Subactivity:

Object Class	2015 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	-
22 Transportation of things	-
23.1 Rental payments to GSA	-
23.2 Rental payments to others	-
23.3 Communications, utilities and miscellaneous charges	-
24 Printing and reproduction	-
25.1 Advisory and assistance services	-
25.2 Other services	2
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	82
25.8 Subsistence and support of persons	
26 Supplies and materials	-
31 Equipment	208
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	292

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 2013		FY 2014 Current Plan		FY 2015 Base		FY 2015 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction and Communications	Pos./Obl	54	4,346	55	5,973	55	6,342	55	6,342	-	-
	FTE	25	-	31	-	33	-	33	-	-	-
Financial Management Services	Pos./Obl	116	19,165	119	21,412	119	22,947	123	23,277	4	330
	FTE	90	-	113	-	118	-	122	-	4	-
Human Resource Management and Administrative Services	Pos./Obl	233	35,550	239	52,401	239	56,911	241	58,148	2	1,238
	FTE	190	-	215	-	237	-	239	-	2	-
Legal Services	Pos./Obl	129	18,869	119	21,867	119	23,612	128	24,813	9	1,202
	FTE	102	-	112	-	119	-	126	-	7	-
Management Information Resources	Pos./Obl	45	23,490	45	56,386	47	57,774	47	58,683	-	909
	FTE	35	-	43	-	47	-	47	-	-	-
IT Infrastructure and IT Support Services	Pos./Obl	481	223,272	481	334,756	475	349,341	475	346,405	-	(2,936)
	FTE	357	-	418	-	477	-	477	-	-	-

Sub-Activity:		FY 2013		FY 2014 Current Plan		FY 2015 Base		FY 2015 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Miscellaneous General Expense	Pos./Obl	-	204,066	-	225,581	-	234,070	-	239,665	-	5,596
	FTE	-	-	-	-	-	-	-	-	-	-
Total	Pos./Obl	1,058	528,759	1,058	718,376	1,054	750,996	1,069	757,333	15	6,338
	FTE	800		933		1,030		1,042		12	
Management Goal - Allocation:											
Patent Program	Pos./Obl	832	448,121	854	608,261	850	635,840	860	640,728	10	4,888
	FTE	643		757		837		846		8	
Trademark Program	Pos./Obl	152	63,122	147	92,766	147	96,875	150	97,826	3	952
	FTE	111		131		145		147		2	
IPPP&E Program	Pos./Obl	74	17,517	57	17,349	57	18,281	59	18,779	2	498
	FTE	46		45		48		50		2	
Total Management Goal Allocation	Pos./Obl	1,058	528,759	1,058	718,376	1,054	750,996	1,069	757,333	15	6,338
	FTE	800		933		1,030		1,042		12	

Exhibit 12 – Management Program and Performance

BUDGET PROGRAM: Management Program

For FY 2015, the USPTO requests a total of \$757.3 million and 1,042 FTE for the Management Program (including inflationary adjustments). This funding represents an increase of \$6.3 million and 12 FTE from the base. 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.

PROGRAM BUDGET PROFILE (Dollars in thousands)							
Funding Requirements by Sub Program	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Executive Direction and Communications	\$4,346	\$5,973	\$6,342	\$6,417	\$6,495	\$6,574	\$6,653
Financial Management Services	\$19,165	\$21,412	\$23,277	\$23,557	\$23,847	\$24,218	\$24,518
Human Resource Management and Administrative Services	\$35,550	\$52,401	\$58,148	\$57,973	\$58,677	\$59,396	\$60,117
Legal Services	\$18,869	\$21,867	\$24,813	\$26,623	\$27,287	\$27,595	\$27,906
Management Information Resources	\$23,490	\$56,386	\$58,683	\$47,751	\$44,756	\$44,998	\$45,941
IT Infrastructure and IT Support Services	\$223,272	\$334,756	\$346,405	\$351,341	\$357,730	\$361,504	\$371,147
Miscellaneous General Expense	\$204,066	\$225,581	\$239,665	\$235,074	\$236,472	\$243,207	\$248,580
TOTAL	\$528,759	\$718,376	\$757,333	\$748,735	\$755,263	\$767,493	\$784,863
FTE	800	933	1,042	1,051	1,053	1,053	1,051

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.

This strategic goal will be met by achieving the following management objectives as set forth in the *USPTO 2014-2018 Strategic Plan*:

- Leverage IT Investments to Achieve Business Results
- Continue to Build and Maintain a Flexible, Diverse, and Engaged Workforce
- Enhance Internal and External Relations
- Secure Sustainable Funding to Deliver Value to Fee-Paying Customers and the Public
- Establish Satellite Offices and a Regional Presence

Fulfillment of the USPTO's mission requires strong leadership and collaborative management. While the three strategic goals focus on the USPTO's 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.

Base Justification

Sub-Program #1: Executive Direction and Communications (\$6.3 million and 33 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.

Sub-Program #2: Financial Management Services (\$22.9 million and 118 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. These activities have enabled the USPTO to earn an unqualified audit opinion on its annual financial statements for 21 consecutive years, and the Association of Government Accountants' Certificate of Excellence in Accountability Reporting award for 11 consecutive years.

Sub-Program #3: Human Resource Management and Administrative Services (\$56.9 million and 237 FTE)

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

- 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 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 (EEOD)

The promotion of equal employment opportunity (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 Director and Deputy Director.

Sub-Program #4: Legal Services (\$23.6 million and 119 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 (\$57.8 million and 47 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 (\$349.3 million and 477 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 (\$234.1 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 transferred 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 grow and 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 2015
(Dollar amounts in thousands)

		2015 Base		2015 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Total, Management Program	<i>Pos./Obl.</i>	1,054	750,996	1,069	757,333	15	6,338
	<i>FTE</i>	1,030		1,042		12	
Financial Management Services	<i>Pos./Obl.</i>	119	22,947	123	23,277	4	330
	<i>FTE</i>	118		122		4	
Staffing for Office of Procurement	<i>Pos./Obl.</i>					4	330
	<i>FTE</i>					4	
Human Resources Management and Administrative Services	<i>Pos./Obl.</i>	239	56,911	241	58,148	2	1,238
	<i>FTE</i>	237		239		2	
Performance Management System Solution	<i>Pos./Obl.</i>						1,000
	<i>FTE</i>						
Second Shift Administrative Support	<i>Pos./Obl.</i>					2	238
	<i>FTE</i>					2	
Legal Services	<i>Pos./Obl.</i>	119	23,612	128	24,813	9	1,202
	<i>FTE</i>	119		126		7	
Solicitor's Office (SO) Production and AIA Workload	<i>Pos./Obl.</i>					9	1,202
	<i>FTE</i>					7	
Management Information Resources	<i>Pos./Obl.</i>	47	57,774	47	58,683	-	909
	<i>FTE</i>	47		47		-	
Management Business Projects	<i>Pos./Obl.</i>					-	909
	<i>FTE</i>					-	

Exhibit 13 continued

		2015 Base		2015 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
<i>IT Infrastructure and IT Support Services</i>	<i>Pos./Obl.</i>	475	349,341	475	346,405	-	(2,936)
	<i>FTE</i>	477		477		-	
	IT Projects					-	(2,936)
						-	
<i>Miscellaneous General Expense (MGE)</i>	<i>Pos./Obl.</i>	-	234,070	-	239,665	-	5,596
	<i>FTE</i>	-		-		-	
	Cross Cutting Services					-	5,596
						-	

Department of Commerce
U.S. Patent and Trademark Office
MANAGEMENT PROGRAM
INCREASES FOR 2015 - 2019
(Dollar amounts in thousands)

		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Total, Management Program	<i>Pos./Obl.</i>	61	6,338	61	(12,571)	61	(19,683)	61	(21,494)	61	(19,009)
	<i>FTE</i>	38		38		38		38		38	
Financial Management Services	<i>Pos./Obl.</i>	4	330	4	342	4	354	4	444	4	459
	<i>FTE</i>	4		4		4		4		4	
Staffing for Office of Procurement	<i>Pos./Obl.</i>	4	330	4	342	4	354	4	444	4	459
	<i>FTE</i>	4	-	4		4		4		4	
Human Resources Management and Administrative Services	<i>Pos./Obl.</i>	2	1,238	2	385	2	387	2	395	2	396
	<i>FTE</i>	2		2		2		2		2	
Performance Management System Solution	<i>Pos./Obl.</i>	-	1,000	-	150	-	150	-	150	-	150
	<i>FTE</i>	-	-	-		-		-		-	
Second Shift Administrative Support	<i>Pos./Obl.</i>	2	238	2	235	2	237	2	245	2	246
	<i>FTE</i>	2	-	2		2		2		2	
Legal Services	<i>Pos./Obl.</i>	55	1,202	55	6,417	55	6,495	55	6,574	55	6,653
	<i>FTE</i>	33		33		33		33		33	
Solicitor's Office (SO) Production and AIA Workload	<i>Pos./Obl.</i>	9	1,202	17	2,746	17	3,138	17	3,171	17	3,204
	<i>FTE</i>	7		15		17		17		17	
Management Information Resources	<i>Pos./Obl.</i>	-	909	-	(10,905)	-	(14,847)	-	(15,566)	-	(15,600)
	<i>FTE</i>	-		(0)		(0)		(0)		(0)	
Management Business Projects	<i>Pos./Obl.</i>	-	909	-	(10,905)	-	(14,847)	-	(15,566)	-	(15,600)
	<i>FTE</i>	-	-	(0)		(0)		(0)		(0)	

		FY 2015 Increase (Decrease)		FY 2016 Increase (Decrease)		FY 2017 Increase (Decrease)		FY 2018 Increase (Decrease)		FY 2019 Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
<i>IT Infrastructure and IT Support Services</i>	<i>Pos./Obl.</i>	-	(2,936)	-	(3,157)	-	(2,297)	-	(4,140)	-	(205)
	<i>FTE</i>	-		0		0		0		0	
	IT Projects	-	(2,936)	-	(3,157)	-	(2,297)	-	(4,140)	-	(205)
		-	-	0		0		0		0	
<i>Miscellaneous General Expense (MGE)</i>	<i>Pos./Obl.</i>	-	5,596	-	(5,651)	-	(9,774)	-	(9,201)	-	(10,713)
	<i>FTE</i>	-		-		-		-		-	
	Cross Cutting Services	-	5,596	-	(5,651)	-	(9,774)	-	(9,201)	-	(10,713)
		-		-		-		-		-	

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 (+\$0.3 million, +4 FTE): The USPTO requires an increase of \$0.3 million and 4 FTE for a total of \$23.3 million and 122 FTE. This increase will allow the Office of Procurement to hire additional staff to keep up with the ever-increasing needs of the expanding USPTO, as well as provide appropriate time for existing Procurement staff to plan, educate, advise and collaborate with the business units they serve.

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

Proposed Action

Office of Procurement Staffing. Funds are required for the USPTO to hire four additional contract specialists that will mitigate the excess workload burdens currently placed on existing staff, thereby allowing more time for workload activities, such as consultation with the USPTO business units and contract administration. In FY 2013, an outside vendor conducted an independent study of the Office of Procurement, based on workload, complexity of the actions and person hours required to successfully complete each action. The vendor concluded that the Office of Procurement was considerably understaffed. This office is a critical component of the work carried out by all other offices within the USPTO as they support several key mission-related initiatives, such as the next generation IT projects (PE2E and TMNG), and satellite offices. Internal users of procurement services express the need for value added services, such as increased communication and timely and quality responses to procurement actions, which can be addressed with an appropriately-staffed office.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 330	\$ 342	\$ 354	\$ 444	\$ 459
FTE	4	4	4	4	4

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 – The new positions are expected to be established and the hires on board by January 2015.

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
- Leverage IT Investments to Achieve Business Results

PROGRAM CHANGE

HR Management and Administrative Services (+\$1.2 million and +2 FTE): The USPTO requires an increase of \$1.2 million and 2 FTE for a total of \$58.1 million and 239 FTE to procure and maintain a performance management system that has been customized for Federal HR and integrates with HR Connect (the Human Resources Management System (HRMS)). Funds are also required to expand help-desk services to accommodate needs and requests from west coast employees.

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

Proposed Actions

Performance Management System Solution. The USPTO requires a performance management system that is integrated with the existing electronic personnel management system. Such a system is needed to allow staff to more efficiently:

- Disseminate enterprise and organization goals to employees;
- Systematically route performance appraisals between employees and reviewing officials;
- Electronically request a 360 degree performance review for employees or route the appraisal to the appropriate official;
- Record performance ratings electronically;
- Identify cases where ratings and pay increase requests conflict;
- Provide pay increase information during the performance appraisal process; and
- Process pay adjustments and awards.

Failure to fund this request will result in continued manual processing of thousands of award actions each year, which is inefficient and costly, and results in poor record archives. Although a number of systems are available, none has been found to date that can respond to the USPTO's required capacity. An existing system will likely need major modifications to meet these requirements.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 1,000	\$ 150	\$ 150	\$ 150	\$ 150
FTE	-	-	-	-	-

Second Shift Administrative Support. The Office of Administrative Services (OAS) is responsible for the Facility Help Desk (FHD), safety, and security. The FHD addresses all facility-related issues including routine and emergency building maintenance. The Office of Security handles issues in the area of physical security, personnel security, Continuity of Operations (COOP), and/or Emergency Preparedness. As the USPTO continues to establish a presence in other physical locations around the United States, the USPTO must address facility, safety, or security-related issues experienced by the employees and contractors in those satellite locations quickly and efficiently. The greatest challenge in doing this arises with time zone difference. The current FHD and Security offices are staffed with personnel from 7:00 A.M. to 5:00 P.M., Eastern Time. With physical office locations planned for Denver (Mountain Time Zone), Dallas (Central Time Zone), and Silicon Valley (Western Time Zone), there is a mission-critical need to expand FHD and Office of Security hours to 8:30 P.M. Eastern Time to accommodate needs and requests from the West Coast. Funds are required for two additional positions that would enable the OAS to provide expanded coverage.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 238	\$ 85	\$ 87	\$ 95	\$ 246
FTE	2	2	2	2	2

Statement of Need and Economic Benefit

Building and maintaining a flexible, diverse and engaged workforce requires the implementation of effective human capital strategies.

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.

Program Change

Legal Services (+\$1.2 million and +7 FTE): The USPTO requires an increase of \$1.2 million and 7 FTE for a total of \$24.8 million and 126 FTE to address current and projected workload. In particular, the Solicitor's Office (SO) must be staffed in such a manner to address work resulting from decisions made by the PTAB and TTAB, and work that will be the result of implementation of the AIA.

Proposed Action

To operate in a truly businesslike manner, the USPTO must establish and maintain strong legal skills by hiring and retaining a skilled and diverse workforce.

Solicitor's Office (SO) Production and AIA Workload. Funds are required for nine additional positions for the SO, which has experienced a significant increase in work, including appeals from PTAB decisions to the CAFC; OED disciplinary cases; district court cases; amicus participation in IP cases (Supreme Court and other); *inter partes* patent and trademark case monitoring; legal advice to the DOC, Department of Justice (DOJ), USPTO Director, and business units; *Official Gazette* notice review; and deposition and subpoena requests.

Operating under the framework established through the AIA, such as post-grant review, *inter partes* reviews, supplemental examination, and derivation proceedings, OGC projects hundreds of PTAB decisions per year in post-grant and *inter partes* review cases, a significant number of which will be appealed to the CAFC. The legislation also places time restrictions on discipline cases, which has greatly impacted the OED.

It is imperative that the SO uphold the Office's decisions in PTAB proceedings when they go to the CAFC to ensure that the PTAB proceedings live up to their potential as cost-effective mechanisms for challenging questionable patents. Likewise, the SO must be diligent in not requesting extensions of time in significant numbers of cases as parties will lose confidence in these proceedings as an alternative to litigation. Accordingly, it is important that the SO be adequately staffed to mount strong and timely defense of the USPTO's positions in these cases before the CAFC.

At the same time, the number of OED cases referred to the SO is increasing. In these cases, SO attorneys act as a prosecutor representing the OED Director throughout pre-trial, trial and post-trial briefing stages, and in any appeals of the administrative decision. SO attorneys are getting involved earlier in OED cases with the objective of settling more of them. This earlier introduction of SO attorneys requires more resources and time.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 1,202	\$ 2,746	\$ 3,138	\$ 3,171	\$ 3,204
FTE	7	15	17	17	17

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.

Schedules/Milestones/Deliverables for the strategic goal to achieve organizational excellence, and the initiative to provide policy formulation in all fields of IP protection and enforcement are in Balanced Scorecard the *USPTO 2014-2018 Strategic Plan*.

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 2015:

- Leverage IT Investments to Achieve Business Results

PROGRAM CHANGE

Management Information Resources (+\$0.9 million): The USPTO requires an increase of \$0.9 million for a total of \$58.7 million and 47 FTE to maintain business systems. This request supports the Department's Data and Operational Excellence strategic goals.

The increase in this area will allow for reinvestment of IT funds to high priority initiatives, and ensure the continued cost-effectiveness of USPTO's IT program. Failure to approve this initiative will prevent the USPTO from reinvesting these funds, and therefore jeopardize the effective implementation of critical IT systems, which are an essential component in accomplishment of strategic goals.

Proposed Action

Management Business Projects. An increase of \$0.9 million is planned for FY 2015 for management information resources, which reflects the current status of the development of the human resource management IT capability and the Fee Processing Next Generation (FPNG) system. As some of the FPNG functionality was delayed due to FY 2013 budget constraints, the key effort to develop enterprise-wide components of the interface were re-planned for FY 2015. In future years, as key FPNG and other management project milestones are completed, fewer IT portfolio funds will be needed for these initiatives as benefits of IT modernization is realized.

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 909	\$(10,905)	\$(14,847)	\$(15,566)	\$(15,600)
FTE	-	(0)	(0)	(0)	(0)

Statement of Need and Economic Benefit

This program change would improve the use of IT tools. 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 web site. 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 2015:

- Leverage IT Investments to Achieve Business Results

PROGRAM CHANGE

Improve IT Infrastructure and Tools (-\$2.9 million): The USPTO requires a decrease of \$2.9 million for a total of \$346.4 million and 477 FTE for its IT infrastructure. This supports the Department’s Data and Operational Excellence strategic goals.

The reduction in this area will allow for reinvestment of IT funds to high priority initiatives, and ensure the continued cost-effectiveness of USPTO’s IT program. Failure to approve this initiative will prevent the USPTO from reinvesting these funds, and therefore jeopardize the effective implementation of critical IT systems, which are an essential component in accomplishment of strategic goals.

Proposed Action

IT Projects. The infrastructure-transformation effort was brought about by the institution of a cyclical hardware-replacement cycle and the orientation of the Office to proactively and consistently addressing the infrastructure enhancements needed to support business modernization efforts. Therefore, with completion of that five-year effort and a corresponding reduction to base to ensure the continued viability of that five-year investment, the USPTO requires less for infrastructure enhancements needed to support business modernization efforts. The FY 2015 decrease represents reduced investment in the area of network and telecommunications.

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ (2,936)	\$ (3,157)	\$ (2,297)	\$ (4,140)	\$ (205)
FTE	-	0	0	0	0

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.

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 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 cost of 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 and guidance documents, and support the USPTO objectives to:

- Leverage IT Investments to Achieve Business Results
- Enhance Internal and External Relations

PROGRAM CHANGE

Cross-Cutting Services/MGE (+\$5.6 million): The USPTO requires an increase of \$5.6 million for a total of \$239.7 million for cross-cutting services that support the Department's Organizational Excellence strategic goal. .

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.

Proposed Actions

Cross-Cutting Services. Funds are required for new infrastructure initiatives that benefit all organizations within the USPTO. These initiatives are focused on the USPTO data center, audio visual equipment, energy usage, and security, safety and health of employees. These funds will be used for the following:

Data Center Heat Redistribution and Backup Chiller; and Sprinkler System. Funds are required to support the recommended results from a Data Center Engineering Study that was authorized by the OCIO and other USPTO executives, which will be completed early in the third quarter of FY 2014. The study is anticipated to document suspected deficiencies and include recommendations to retrofit the Data Center in terms of heat redistribution, installation of a backup chiller, and that the existing fire suppression sprinkler system be converted from a wet sprinkler to a dry pipe dual zone pre-action system. The report will provide information on increasing performance of our existing equipment, evaluating our power consumption and load distribution, and provide options for cable management and optimal chiller systems. The report is also expected to document serious concerns about having a wet-pipe system as a first alternative sprinkler system. If a sprinkler pipe released water on a server, the server could cease to operate. Having an alternative pre-action (first trigger) of inert gas could mitigate fire risk without damage to the equipment.

As a result of funding this initiative, the USPTO will have appropriate power that equates to our consumption process, potentially a secondary back-up chiller system to sustain our

requirements, and solutions that provide us with a sustainable and operationally first class Data Center.

Campus Audio Visual (AV) Equipment Upgrade. Funds are required for multiple, centralized purchases of AV equipment to replace obsolete or non-working equipment in the 180 conference rooms, building conference centers, training rooms, and other conference spaces at the Alexandria campus. AV equipment was initially provided when the campus or new rooms were constructed, but much of it is no longer current, or no longer works. Because it is past its life-cycle, it breaks down more frequently. Given the robust USPTO Telework program and our evolution with electronic collaboration tools, state-of-the-art AV equipment is critical to our daily operations and overall mission. The required funding would enable us to procure equipment for one-third of the rooms each year. Since AV equipment life cycle is approximately three years, in year four we would reassess the AV equipment installed in FY 2015 (the first year of the three-year replacement process).

Energy Assessment and Conservation Measures. EO 13423 requires that all agencies reduce energy intensity by 30 percent between FY 2003 and FY 2015, and EO 13514 requires that energy assessments be conducted on a four-year cycle. The overarching result of an energy assessment is to understand ways to reduce energy usage and carbon emissions, and to promote sustainability.

The USPTO conducted an energy assessment on the main campus in FY 2012, and funds are required to conduct an assessment of the Randolph Square Building in FY 2015. Funds are also required to implement three energy conservation measures to reduce the USPTO energy footprint as follows:

- Replace approximately 9,250 high wattage T-8 fluorescent lamps throughout the facility with 25 watt T-8 lamps with potential savings of \$89,600 over three years.
- Replace approximately 183 PAR-83 light fixtures with more efficient 25-watt CFL replacement lamps, resulting in savings of approximately \$4,800 per year.
- Re-lamp approximately 648 halogen accent fixtures located throughout various hallways with LED replacement fixtures utilizing 15-watts, resulting in savings of approximately \$31,400 over two years.

Contingency Personnel Screening Equipment. Funds are required to replace screening magnetometers at building entrances throughout the Alexandria and Shirlington campuses, as well as to purchase screening equipment that can be set up at entrances to the Madison Building common areas during high threat situations. The current magnetometers are nearly 10 years old and are beyond their expected service life, which creates significant maintenance and sensitivity problems. Currently, the general public can freely enter USPTO common areas without any screening or inspection of hand-carried items, which the Federal Protective Service has declared a security vulnerability.

Electric Charging Stations and Health Unit Maintenance. Funds are required to purchase four dual-unit electric vehicle (EV) charging stations which employees would be able to use to charge their EVs. The purchase would include an automated customer account management system that would allow the USPTO to recover the cost for all electricity used and track usage by kilowatt as well.

EO 13514 requires Federal agencies to reduce greenhouse gas levels. This initiative would specifically satisfy Scope 3 of the EO, which mandates the reduction of greenhouse gases produced by employee travel, including commuting. It also would align with the President's

June 18, 2013 climate change speech in which he re-asserted EO 13514 and implored federal leaders to “act now” to reduce carbon emissions. Surveys of USPTO employees have strongly indicated that if EV charging units were available to use at the Alexandria campus, they would be much more inclined to purchase an electric or hybrid vehicle.

In addition, the existing furniture in the USPTO’s two health units is showing considerable wear. Therefore, funds are required to purchase chairs for the staff and patients, and equipment to broadcast health information.

Increases related to all cross-cutting initiatives are found in the following table.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Amount (\$ in thousands)	\$ 5,596	\$ (5,651)	\$ (9,774)	\$ (9,201)	\$(10,713)
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 2015.

Exhibit 14

PROGRAM CHANGE PERSONNEL DETAIL

Activity: Management

Subactivity:

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
Contract Specialist	Alexandria, VA	GS 9	4	58,511	234,044
Building Management and Security Specialists	Alexandria, VA	GS 12	2	84,855	169,710
Attorney	Alexandria, VA	GS 15	6	155,500	933,000
Paralegal / Admin Management Specialist	Alexandria, VA	GS 12	3	84,855	254,565
Total			15		1,591,319
less Lapse		19%	3		295,670
Total full-time permanent (FTE)			12		1,295,649
2014 Pay Adjustment	1.0%				12,944
2015 Pay Adjustment	1.0%				13,714
TOTAL					1,322,308

Personnel Data

	Number
Full-Time Equivalent Employment	
Full-time permanent	12
Other than full-time permanent	0
Total	12

Authorized Positions:

Full-time permanent	15
Other than full-time permanent	0
Total	15

Exhibit 15

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Management
Subactivity:

Object Class	2015 Increase
11 Personnel compensation	
11.1 Full-time permanent	1,322
11.3 Other than full-time permanent	
11.5 Other personnel compensation	53
11.8 Special personnel services payments	
11.9 Total personnel compensation	1,375
12 Civilian personnel benefits	374
13 Benefits for former personnel	
21 Travel and transportation of persons	(13)
22 Transportation of things	(24)
23.1 Rental payments to GSA	2,142
23.2 Rental payments to others	(2,682)
23.3 Communications, utilities and miscellaneous charges	156
24 Printing and reproduction	-
25.1 Advisory and assistance services	(3)
25.2 Other services	1,398
25.3 Purchases of goods & services from Gov't accounts	1,670
25.4 Operation and maintenance of facilities	
25.5 Research and development contracts	
25.6 Medical care	
25.7 Operation and maintenance of equipment	
25.8 Subsistence and support of persons	7,398
26 Supplies and materials	38
31 Equipment	(5,492)
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	6,338

EXHIBITS: 16 - 37

Exhibit 16 – Summary of Requirements by Object Class

SUMMARY OF REQUIREMENTS BY OBJECT CLASS

(Dollar amounts in thousands)

Object Class	FY 2013	FY 2014 Current Plan	FY 2015 Base	FY 2015 Estimate	Increase/ Decrease over 2014 Base
11.1 Salaries	1,210,055	1,314,620	1,413,135	1,440,076	26,940
11.5 Other personnel compensation	121,536	130,897	134,150	142,454	8,304
11.9 Total personnel compensation	1,331,590	1,445,516	1,547,285	1,582,530	35,245
12.1 Civilian personnel benefits	426,518	465,412	518,991	527,232	8,241
21 Travel and transportation of persons	3,020	7,023	7,121	8,072	951
22 Transportation of things	326	464	471	447	(24)
23.1 Rental payments to GSA	94,630	92,728	94,212	96,353	2,142
23.2 Rental payments to others	12,510	16,615	16,869	17,192	323
23.3 Commun., util., and misc. charges	14,807	21,951	22,258	22,999	741
24 Printing and reproduction	114,382	124,702	126,448	136,250	9,802
25.1 Advisory and assistance services	38,689	51,034	51,749	53,707	1,959
25.2 Other services from non-federal sources	114,398	150,900	153,012	158,803	5,791
25.3 Other goods and services from federal sources	28,390	37,448	37,972	39,409	1,437
25.4 Operation and maintenance of facilities	12,748	16,816	17,051	17,696	645
25.7 Operation and maintenance of equipment	178,941	236,037	239,342	248,400	9,058
26 Supplies and materials	37,913	43,609	44,220	46,676	2,456
31 Equipment	78,578	234,905	238,191	231,980	(6,211)
32 Land and Structures	225	0	0	0	0
4x Insurance claims , indemnities, and refunds	1,602	3,151	3,195	3,152	(43)
99.9 Total Obligations	2,489,268	2,948,311	3,118,387	3,190,898	72,511
Fee Collections	(2,815,701)	(3,286,191)	(3,441,458)	(3,441,458)	0
Less unavailable sequestered budget authority	0	0	0	0	0
Less prior year other income/recoveries	(27,718)	(21,800)	(21,800)	(21,800)	0
Less prior year unobligated balance	(237,873)	(442,291)	(799,970)	(799,970)	0
Less end year unobligated balance	442,291	799,970	1,142,842	1,070,331	(72,511)
Total Budget Authority	(149,733)	(2,000)	(2,000)	(2,000)	(0)
Personnel Data					
Full-Time equivalent Employment:	11,104	12,225	12,858	13,203	345
Positions:	12,750	13,049	13,049	13,727	678

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, ~~\$3,024,000,000~~ \$3,441,458,000 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 ~~2014~~ 2015, so as to result in a fiscal year ~~2014~~ 2015 appropriation from the general fund estimated at \$0: Provided further, That during fiscal year ~~2014~~ 2015, should the total amount of such offsetting collections be less than ~~\$3,024,000,000~~ \$3,441,458,000 this amount shall be reduced accordingly: Provided further, That any amount received in excess of ~~\$3,024,000,000~~ \$3,441,458,000 in fiscal year ~~2014~~ 2015 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 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 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 ~~2014~~ 2015 for official reception and representation expenses: Provided further, That in fiscal year ~~2014~~ 2015 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 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):~~ 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
...\$3,024,000,000 <i>\$3,441,458,000</i> ...2014 <i>2015</i> - 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):	Retains the appropriation language in Public Law 113-76 for FY 2014, but changes the amount available to the USPTO in FY 2015 to be the total amount of fees collected during FY 2015, and changes all references to FY 2014 to FY 2015. 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.

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, 2013

Date of Report	GAO Job Code	Recommendation	Action Plan for Recommendation	Actions Taken to-Date	Status of Recommendation: Open or Closed
4/25/2012	450934	1. Finalize an operating reserve policy, including the expected level of reserves, to smooth the impact of economic downturns on operations and to ensure its use aligns with agency goals.	USPTO will finalize the operating reserve policy using the concepts provided to the public in support of the initial fee proposal on as the foundation.	USPTO has revised the action plan deliverable. Recommendation will be implemented by March 31, 2014.	Open
4/25/2012	450934	2. Build on current communication success to provide stakeholders opportunities for substantive, two-way communication when seeking input on the AIA fee-setting process. Moving forward, this should include: <ul style="list-style-type: none"> • providing an accounting of program costs and the assumptions used to project future program costs in biennial fee reviews, and • clearly communicating its fee-setting methods and rationale for policy choices to provide Congress with sufficient information for oversight and transparency for stakeholders and the public. 	USPTO will publish an overview of the accounting of both historical and prospective program costs, the fee setting methodology, the cost and revenue assumptions, and the rationale for individual fee changes in the proposal to set or adjust patent fees.	The USPTO has published the overview of historical and program costs that were posted on the USPTO website for AIA Implementation. USPTO has met the action plan target deliverable date of August 31, 2012.	Closed
4/25/2012	450934	3. Establish guidance and protocols for communication with PPAC and other stakeholders about the fee process in order to help ensure consistency over time and through subsequent leadership transitions.	USPTO will incorporate guidance and protocols for communication about the fee process in a fee setting policy.	USPTO has revised the action plan deliverable. Recommendation will be implemented by March 31, 2014.	Open

Exhibit 37 (continued)

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, 2013

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.	The USPTO issued a request for proposals under its Edison Scholars Program that included a topic addressing the GAO's recommendation. USPTO will meet action plan deliverable. Recommendation will be implemented by December 31, 2014.	Open

Exhibit D – Facilities and Real Property Reporting

ACQUISITIONS:

FY2014

Space Use	Type of Action	Estimated Area	Program	Planned Complete Yr	Location (City State) <i>If Know</i>	Sustain-ability (Y/N)	Re-newable Energy (Y/N)	Net of Utilities	Space Change (Y/N)
<i>Office</i>	<i>GSA Lease</i>	<i>34,698 usf</i>	<i>PTO</i>	<i>2014</i>	<i>Denver, CO</i>	<i>Y</i>	<i>Y</i>	<i>Yes</i>	<i>Yes</i>
<i>Office</i>	<i>New OA</i>	<i>8,063 usf</i>	<i>PTO</i>	<i>2014</i>	<i>Detroit, MI</i>	<i>Y</i>	<i>Y</i>	<i>Open</i>	<i>Yes</i>

FY2015-19

Space Type	Type of Action	Estimated Area	Program	Planned Complete Yr	Location (City State) <i>If Know</i>	Sustain-ability (Y/N)	Re-newable Energy (Y/N)	Net of Utilities	Space Change (Y/N)
<i>Office</i>	<i>New Lease</i>	<i>Approx 36,000 usf</i>	<i>PTO</i>	<i>2015</i>	<i>Silicon Valley, CA</i>	<i>Y</i>	<i>Y</i>	<i>Open</i>	<i>Yes</i>
<i>Office</i>	<i>GSA Lease</i>	<i>34,988 usf</i>	<i>PTO</i>	<i>2015</i>	<i>Dallas, TX</i>	<i>Y</i>	<i>Y</i>	<i>Open</i>	<i>Yes</i>
<i>Office</i>	<i>New OA</i>	<i>27,945 usf</i>	<i>PTO</i>	<i>2015</i>	<i>Alexandria, VA</i>	<i>Y</i>	<i>Y</i>	<i>Open</i>	<i>No</i>

Space Type	Type of Action	Estimated Area	Program	Planned Complete Yr	Location (City State) <i>If Know</i>	Sustain-ability (Y/N)	Re-newable Energy (Y/N)	Net of Utilities	Space Change (Y/N)
<i>Office</i>	<i>New OA</i>	<i>19,012 usf</i>	<i>PTO</i>	<i>2016</i>	<i>Alexandria, VA</i>	<i>Y</i>	<i>Y</i>	<i>Open</i>	<i>No</i>
<i>Office</i>	<i>New OA</i>	<i>27,944 usf</i>	<i>PTO</i>	<i>2016</i>	<i>Alexandria, VA</i>	<i>Y</i>	<i>Y</i>	<i>Open</i>	<i>No</i>
<i>Office</i>	<i>New OA</i>	<i>26,541 usf</i>	<i>PTO</i>	<i>2017</i>	<i>Alexandria, VA</i>	<i>Y</i>	<i>Y</i>	<i>Open</i>	<i>No</i>
<i>Office</i>	<i>New OA</i>	<i>141,014 usf</i>	<i>PTO</i>	<i>2018</i>	<i>Arlington, VA</i>	<i>Y</i>	<i>Y</i>	<i>Open</i>	<i>No</i>
<i>Warehouse</i>	<i>New OA</i>	<i>232,228 usf</i>	<i>PTO</i>	<i>2018</i>	<i>Franconia, VA</i>	<i>Y</i>	<i>Y</i>	<i>Open</i>	<i>No</i>
<i>Warehouse</i>	<i>New OA</i>	<i>26,832 rsf</i>	<i>PTO</i>	<i>2019</i>	<i>Newington, VA</i>	<i>Y</i>	<i>Y</i>	<i>Open</i>	<i>No</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.

2014

Property ID	Location (City State)	Program	FY Completed
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2014

Property ID	Location (City State)	Program	FY Completed
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None Planned

2015-2019

Property ID	Location (City State)	Program	FY Completed
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None Planned

DISPOSALS AND REDUCTIONS:

2014

Space Type	Type of Action	Building Area/Acreage	Program	Planned Completion FY	Property ID	Telework Related (Y/N)
<i>Office</i>	<i>Termination</i>	<i>7,388 usf</i>	<i>PTO – Denver temporary space</i>	<i>2014</i>	<i>ACO06053</i>	<i>No</i>
<i>Warehouse</i>	<i>Space Reduction</i>	<i>48,959 usf</i>	<i>PTO</i>	<i>2014</i>	<i>AVA07000</i>	<i>No</i>

2015-19

Space Type	Type of Action	Building Area/Acreage	Program	Planned Completion FY	Property ID	Telework Related (Y/N)
<i>Office</i>	<i>Termination</i>	<i>3,709 usf</i>	<i>PTO – Dallas Temporary Space</i>	<i>2015</i>	<i>ATX08547</i>	<i>No</i>
<i>Office</i>	<i>Termination</i>	<i>4,723 usf</i>	<i>PTO- Silicon Valley Temporary Space</i>	<i>2015</i>	<i>ACA11004</i>	<i>No</i>

DEFICIENCY REDUCTIONS:

2014

Property ID	Title	Program	FY Completion	DM Reduction	TPC
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None Planned

2015-2019

Property ID	Title	Program	FY Completion	DM Reduction	TPC
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None Planned

Exhibit E – Sustainability Funding Request

Goal	Type of Investment	Type of Alternative Finance	Intended Purpose/Use	Budget FY12 (\$K)	Budget FY13 (\$K)	Budget FY14 (\$K)	Budget FY15 (\$K)	Budget FY16 (\$K)
<i>1. Greenhouse Gas Reduction – Scopes 1, 2, and 3</i>	1	1	5, 11	0	0	264	350	350
	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	0	0	100	200	100
	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</i>	1	1	5, 11	0	2.8	0	0	0

<i>and Management</i>	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	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>6. Sustainable Acquisition</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>7. Electronic Stewardship and Data Centers</i>	1	1	5, 11	0	154.4	0	10,500	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	10	10	10	10	10
	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

APPENDICES

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APPENDIX I

Multi-Year Planning and Budgeting 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 will have a significant impact on the Office's ability 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 2015 President's Budget is based on the *USPTO 2014-2018 Strategic Plan*, and continues the long-term initiatives that were first identified in prior year budgets. In fact, many of the core mission-related program increases in the FY 2015 Budget are continuations of initiatives from prior years.
- 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 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 stakeholders. When the USPTO set its patent fees in FY 2013, this was accomplished 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.

OPERATING RESERVE

To continue promoting confidence in the U.S. IP system, the USPTO maintains a trademark operating reserve and is building a patent operating reserve, which are necessary to absorb and respond to temporary changes in the economy and USPTO's operating and financial

environments. Research has found 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.

A sufficient operating reserve for each of the Patent and Trademark business lines will 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.

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

Operating reserves also 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).

Operating reserves provide sufficient capital to operate the growing Patent line of business when revenue stream and availability are uncertain; supplement annual patent and trademark 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 patent or trademark production requirements grow due to unexpected increases in application filings.

The USPTO recognizes that the optimal operating reserve sizes may change over time as economic volatility and external and internal enterprise risk changes. Therefore, the USPTO will regularly reevaluate the optimal sizes of each operating reserve. Likewise, a comprehensive review of the operating reserve balances, including updated projection estimates, will be completed every year while formulating the annual budget.

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 three relevant indicators used by the

USPTO are Real Gross Domestic Product (RGDP), Research and Development (R&D) expenditures, and Venture Capital (VC) investments. These indicators are correlated with USPTO patent and/or trademark application filings, which are the key drivers of patent and trademark workloads. These indicators also 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 2 to 3 percent for FY 2014 and between 3 to 4 percent for FY 2015 based on Administration and 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 developed after researching and modeling these elements.

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. Discretionary actions are affected by current economic and market conditions.

Forecasts of post allowance activities, maintenance of patents in force, and/or 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 2015 estimates include assumptions of payment behavior changes in advance of an adjusted fee schedule (e.g., the one that took place on January 1, 2014) and estimates of elasticity (a measurement of how sensitive patentees are to fee amounts or changes).

Considering the inherent sensitivity and volatility of predicting fluctuations in the economy and market environment, interpreting policy and process efficiencies, including the effects of adjusting the patent fee schedule, 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.

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 2015 estimated patent fee collections include amounts expected to be received for applications filed in FY 2015, as well as work processed in FY 2015 (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 that are devoted to production-related costs, such as new examining staff and overtime. The resulting reduction in production activities, in turn, creates an out year impact because less production output in one year results in fewer issue and maintenance fee payments in future years.

Patent fee collections are estimated to be between \$2,978 and \$3,356 million for FY 2015 excluding \$18 million in other income. These projections are based on assumptions that patent filings will increase between 3 and 9 percent, issues will reflect strengthened examination capacity and efficiencies, and patent maintenance fee payments will continue with some reduced 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 ten-year intervals. More than half of all fees collected for Trademark related services and products are from trademark filings, which are correlated to the strength of the economy and individual businesses.

Trademark fee collections are estimated to be between \$250 and \$264 million for FY 2015 excluding \$8 million in other income, including a proposed fee reduction, based on the economic outlook and the expectations of the growth of trademark application filings that can vary depending on the forecast scenario.

FEE RATE ASSUMPTIONS

During FY 2013, 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. Most fees in the improved patent fee schedule -- which was designed to provide the USPTO with sufficient financial resources to facilitate the effective administration of the U.S. IP system, and developed with a rigorous and transparent review process--went into effect in March 2013 and others in January 2014. The improved fee schedule includes a 75 percent discount to fees for filing, searching, examining, issuing, appealing, and maintaining patent applications for entities meeting the micro-entity definition provided for in the AIA and will continue the 50 percent discount to the fees for entities meeting the small entity definition. On December 18, 2013 certain patent fees were adjusted to align with the Patent Law Treaty. The Patent Law Treaty harmonizes and streamlines formal procedures pertaining to the filing and processing of patent applications. Certain trademark fee adjustments, to lower the fees for all applicants willing to file and communicate electronically with the USPTO, are assumed to be adjusted in the first quarter of FY 2015.

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 2015 President's 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. 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 2015 budget formulation process, major deviations from funding planned requirements are particularly notable:

For example, 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 2103. 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.

The USPTO has implemented a measured spending approach to FY 2014. Cost containment continues to be a focus of the Office, in alignment with stakeholder expectations and administration policy. The USPTO remains committed to thoroughly reviewing all strategic investments across the Office, and committing USPTO resources with a focus on achieving strategic goals and objectives.

For FY 2015, the Budget assumes reprioritization of approximately \$15.5 million to other FY 2015 initiatives. The redirection of resources over the out year estimates is due to the anticipated FY 2014 peak funding years for major development projects, such as TMNG, FPNG, and dissemination projects.

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 2013			FY 2014			FY 2015		
	Total	Patents	Trademarks	Total	Patents	Trademarks	Total	Patents	Trademarks
Patent Examining	1,656,032	1,656,032		1,812,321	1,812,321		1,986,309	1,986,309	
Patent Trial and Appeals	44,528	44,528		59,221	59,221		77,354	77,354	
Patent Information Resources	82,698	82,698		135,226	135,226		145,684	145,684	
Trademark Examining	99,210		99,210	107,383		107,383	113,402		113,402
Trademark Appeals and <i>Inter Partes</i> Proceedings	10,941		10,941	11,669		11,669	13,040		13,040
Trademark Information Resources	38,175		38,175	61,118		61,118	49,865		49,865
Policy and Administrative Support	15,458	10,758	4,700	19,419	16,572	2,847	23,193	19,275	3,918
Governmental Affairs	1,238	918	320	1,562	1,147	415	1,737	1,275	462
Global Intellectual Property Academy (GIPA)	2,688	1,871	817	5,878	4,118	1,759	6,252	4,380	1,871
IPR Attaché Program	9,503	4,286	5,216	15,085	6,802	8,284	15,368	6,929	8,439
IP PP&E Information Resources	38	31	7	1,054	675	379	1,361	872	489
Executive Direction and Communications	4,346	3,564	782	5,973	4,895	1,078	6,342	5,206	1,136
Financial Management Services	19,165	15,790	3,375	21,412	17,689	3,723	23,277	19,240	4,037
Human Resource Management and Administrative Services	35,550	32,490	3,060	52,401	47,993	4,408	58,148	53,249	4,899
Legal Services	18,869	14,904	3,965	21,867	17,266	4,601	24,813	19,493	5,321
Management Information Resources	23,490	17,553	5,938	56,386	47,146	9,239	58,683	49,089	9,594
IT Infrastructure and IT Support Services	223,272	192,382	30,890	334,756	282,658	52,098	346,405	292,488	53,916
Miscellaneous General Expense	204,066	184,429	19,637	225,581	203,585	21,996	239,665	216,013	23,652
Total	2,489,268	2,262,234	227,034	2,948,311	2,657,313	290,998	3,190,898	2,896,856	294,042

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 2016			FY 2017			FY2018			FY2019		
	Total	Patents	Trademarks	Total	Patents	Trademarks	Total	Patents	Trademarks	Total	Patents	Trademarks
Patent Examining	2,099,440	2,099,440		2,145,234	2,145,234		2,209,583	2,209,583		2,289,547	2,289,547	
Patent Trial and Appeals	89,563	89,563		97,424	97,424		130,681	130,681		132,167	132,167	
Patent Information Resources	113,756	113,756		103,500	103,500		100,380	100,380		101,358	101,358	
Trademark Examining	119,701		119,701	126,284		126,284	133,296		133,296	140,298		140,298
Trademark Appeals and <i>Inter Partes</i> Proceedings	13,618		13,618	13,985		13,985	14,367		14,367	14,740		14,740
Trademark Information Resources	43,397		43,397	44,655		44,655	44,650		44,650	45,254		45,254
Policy and Administrative Support	23,453	19,510	3,943	23,741	19,764	3,976	24,032	20,023	4,009	24,327	20,284	4,042
Governmental Affairs	1,756	1,289	467	1,775	1,303	472	1,794	1,317	477	1,814	1,332	482
Global Intellectual Property Academy (GIPA)	6,334	4,438	1,896	6,417	4,496	1,921	6,501	4,555	1,946	6,586	4,615	1,972
IPR Attaché Program	15,625	7,045	8,580	15,886	7,163	8,724	16,152	7,283	8,870	16,422	7,404	9,018
IP PP&E Information Resources	1,357	869	488	1,376	881	495	1,417	908	509	1,472	943	529
Executive Direction and Communications	6,417	5,268	1,149	6,495	5,332	1,163	6,574	5,396	1,177	6,653	5,462	1,192
Financial Management Services	23,557	19,472	4,086	23,847	19,711	4,136	24,218	20,017	4,201	24,518	20,265	4,253
Human Resource Management and Administrative Services	57,973	53,094	4,879	58,677	53,739	4,938	59,396	54,397	4,999	60,117	55,057	5,060
Legal Services	26,623	20,804	5,819	27,287	21,299	5,988	27,595	21,540	6,055	27,906	21,784	6,122
Management Information Resources	47,751	39,893	7,857	44,756	37,348	7,408	44,998	37,565	7,434	45,941	38,347	7,594
IT Infrastructure and IT Support Services	351,341	296,661	54,680	357,730	302,057	55,673	361,504	305,251	56,253	371,147	313,387	57,760
Miscellaneous General Expense	235,074	212,054	23,019	236,472	213,390	23,082	243,207	219,505	23,702	248,580	224,423	24,157
Total	3,276,735	2,983,155	293,580	3,335,540	3,032,641	302,900	3,450,348	3,138,402	311,946	3,558,849	3,236,376	322,473

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"> A. Work with stakeholders to refine long-term pendency goals, while considering requirements of the intellectual property (IP) community B. Continue to refine patent pendency metrics throughout the examination process and provide increased transparency of those metrics 	<ul style="list-style-type: none"> A. Hire/retain a nationwide workforce to meet pendency targets B. Develop and train an adaptable workforce to respond to emerging technologies, Office priorities, and the evolution of law C. Enhance compact prosecution initiatives D. Offer patent application prosecution options 	<ul style="list-style-type: none"> A. Fully implement Cooperative Patent Classification (CPC) B. Leverage the Patent Cooperation Treaty (PCT) to effectively use the work completed at the international stage C. Maximize use of the Patent Prosecution Highway (PPH) to increase sharing and re-use of information between USPTO and its partner offices 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 	<ul style="list-style-type: none"> A. Evaluate and refine the measurement of patent quality data B. Maximize usage of patent quality data C. Evaluate effectiveness of changes to the count system and performance appraisal plans; make additional modifications as needed D. Continually improve and provide timely technical and legal training

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"> A. Stabilize the Patent Application Location Monitoring (PALM) and other legacy IT systems B. Redesign and re-architect current patent IT systems to provide end-to-end electronic processing C. Increase the acceptance, creation, and publication of standardized, structured, and searchable patent data and documents D. Upgrade search systems E. Identify IT opportunities with other IP offices to invoke work sharing efficiencies 	<ul style="list-style-type: none"> A. Expand stakeholder awareness of the various support resources for users B. Continue facilitating the growth of the patent pro bono program C. Expand technology-specific and topic-specific partnerships D. Expand outreach related to CPC E. Increase awareness and transparency of patent information, and patent application and ownership information 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 	<ul style="list-style-type: none"> A. Define optimal pendencies for PTAB proceedings B. Hire/retain an adaptable nationwide PTAB workforce, including management staff, to meet pendency and quality targets C. Develop an automated tool for centralizing the collection, retrieval, and sharing of operational data D. Ensure consistency in PTAB decisions E. Expand outreach to stakeholders by providing opportunities for interaction and updates on PTAB operations and other important issues

GOAL II: OPTIMIZE TRADEMARK QUALITY AND TIMELINESS

Objective 1: Maintain Trademark First Action Pendency on Average Between 2.5-3.5 Months with 12 Months Final Pendency	Objective 2: Maintain High Trademark Quality	Objective 3: Ensure Optimal IT Service Delivery to All Users	Objective 4: Continue and Enhance Stakeholder and Public Outreach	Objective 5: Enhance Operations of the Trademark Trial and Appeal Board (TTAB)
<ul style="list-style-type: none"> A. Align examination capacity with incoming workloads B. Continue to define and validate optimal pendencies 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 B. Continue to provide optimal service on legacy systems to employees and public users 	<ul style="list-style-type: none"> A. Expand outreach to stakeholders by providing opportunities for interaction and updates on Trademark operations and other important issues B. Assist in providing access to pro bono trademark legal services through USPTO's law school clinic program C. Encourage use of the Federal registration system for trademark owners who are unfamiliar with the application and registration maintenance processes D. Engage stakeholders to ensure integrity of the register 	<ul style="list-style-type: none"> A. Develop consistent pendency measures and reduce overall pendency for appeal and trial cases B. Enhance quality of TTAB orders and opinions, and contribute to development of the law through issuance of precedential decisions C. Expand outreach to stakeholders by providing opportunities for interaction and updates on TTAB operations and other important issues

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

- A. Provide policy formulation and guidance on key IP issues in all fields of IP protection and enforcement
- B. Engage other U.S. Government agencies and Congress on legislation that improves the IP system
- C. Lead domestic and international copyright initiatives and policy development for the administration
- D. Provide domestic education outreach at all levels, including through distance learning, knowledge enhancement and capacity building
- E. Leverage technology to increase domestic and international education, training and outreach at all levels
- F. Expand knowledge of the domestic and international IP landscape and public impacts of IP through empirical research and fact-finding

Objective 2: Provide Leadership and Education on International Agreements and Policies for Improving the Protection, and Enforcement of IP Rights

- 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
- 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
- C. Provide technical expertise in the negotiation and implementation of bilateral and multilateral agreements that improve IP rights protection and enforcement
- D. Support and advise the administration in leading and negotiating the IP aspects of free trade agreements
- E. As appropriate, work jointly with Congress on matters that pertain to international agreements
- F. Work jointly with the administration to improve IP protection and enforcement in China

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 Satellite Offices and a Regional Presence
<ul style="list-style-type: none"> A. Leverage IT to improve internal and external collaboration and information sharing B. Enhance the internal and external user experience; for example, by developing user-driven products, including those accessible in a mobile environment C. Evolve and improve IT infrastructure and services D. Continue to provide cost-effective, transparent operations, processes, and information 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) 	<ul style="list-style-type: none"> A. Continue to enhance our telework environment by expanding telework opportunities and developing skill sets specific to managing in a telework environment B. Implement programs aimed at enhancing employee engagement, and ensuring the nationwide workforce stays integrated with the corporate culture C. Promote learning and job opportunities for all levels of employees D. Enhance recruitment and hiring efforts to help sustain and develop a highly-qualified, and diverse workforce, including the senior team E. Continue to foster and enhance a strong labor-management relationships F. Continue to build collaborative relationships with our affinity groups 	<ul style="list-style-type: none"> A. Improve information and communication channels B. Strengthen relationships with the Department of Commerce (DOC), the Office of Management and Budget (OMB), other Federal agencies, and Congress C. Promote a culture across USPTO of outstanding customer service for both internal and external customers D. Streamline stakeholder access to USPTO services and programs E. Increase stakeholder partnerships and collaborations F. Support Government-wide efforts to promote Science, Technology, Engineering, and Mathematics (STEM) education initiatives 	<ul style="list-style-type: none"> A. Ensure spending authority to use all fee collections B. Make the USPTO fee setting authority permanent C. Continuously optimize the fee structure D. Continue identifying, obtaining and implementing private sector business tools E. Maximize cost efficiency and transparency 	<ul style="list-style-type: none"> A. Finalize permanent presence in satellite office regions B. Further develop regional cooperative opportunities

APPENDIX IV

USPTO Fee Collections Estimates and Assumptions

<i>(Dollars in Millions)</i>	FY 2013	FY 2014			FY 2015		
	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 2013	February 2014	February 2014	February 2014	February 2014	February 2014	February 2014
Total USPTO Fee Collections	\$2,815	\$3,130	\$3,286	\$3,437	\$3,228	\$3,441	\$3,627
Total Patent Fee Collections	\$2,552	\$2,859	\$3,008	\$3,155	\$2,978	\$3,178	\$3,356
Total Trademark Fee Collections	\$264	\$272	\$278	\$283	\$250	\$264	\$271
Major Patent Fee Collections:							
Filing (with Excess Claims)	\$737	\$846	\$885	\$915	\$860	\$937	\$986
Issue and Publication	\$529	\$301	\$317	\$331	\$266	\$280	\$293
Maintenance	\$837	\$1,248	\$1,314	\$1,380	\$1,355	\$1,426	\$1,470
PCT	\$162	\$170	\$178	\$183	\$174	\$187	\$195
Extensions of Time	\$151	\$133	\$157	\$182	\$156	\$185	\$214
Other	\$136	\$160	\$157	\$164	\$167	\$164	\$199
Assumptions Used to Develop Fee Collection Estimates							
Filing Growth Rates:	Filings growth rate 6.2% (566,399 UPR filings, 164,072 RCEs). Trademark Filings growth rate 4.5% (433,654 filings).	Filings growth rate 2.2% (578,992 UPR filings, 166,750 RCEs). Trademark filings growth rate 0.0% (433,654 filings). These filing rates are based on conservative estimates of continued economic growth.	Filings growth rate 6.5% (603,117 UPR filings, 173,698 RCEs). Trademark filings growth rate 4.9% (455,000 filings). These filing rates are based on moderate estimates of continued economic growth.	Filings growth rate 6.3% (565,778 UPR filings, 151,830 RCEs). Trademark filings growth rate 8.0% (468,346 filings). These filing rates are based on high estimates of continued economic growth.	Filings growth rate 1.6% (588,160 UPR filings, 169,390 RCEs). Trademark filings growth rate 0.0% (433,654 filings). These filing rates are based on conservative estimates of continued economic growth.	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.	Filings growth rate 8.1% (671,269 UPR filings, 193,326 RCEs). Trademark filings growth rate 8.0% (505,814 filings). These filing rates are based on high estimates of continued economic growth.
Patent Issue:	Patents printed of 267,900.	Patents printed of 268,311 based on conservative estimates of increased patent examination production efficiencies.	Patents printed of 282,433 based on moderate estimates of increased patent examination production efficiencies.	Patents printed of 296,554 based on high estimates of increased patent examination production efficiencies.	Patents printed of 296,848 based on conservative estimates of increased patent examination production efficiencies.	Patents printed of 312,471 based on moderate estimates of increased patent examination production efficiencies.	Patents printed of 328,095 based on high estimates of increased patent examination production efficiencies.
Patent Maintenance (Post Renewal):	Renewal rates: 92.0% first stage, 79.2% second stage and 74.5% third stage	Renewal rates: 84.3% first stage, 73.8% second stage and 69.2% third stage due to conservative estimates of continued economic growth and patent demand.	Renewal rates: 87.4% first stage, 78.4% second stage and 73.8% third stage due to moderate estimates of continued economic growth and patent demand.	Renewal rates: 90.2% first stage, 81.8% second stage and 76.7% third stage due to high estimates of continued economic growth and patent demand.	Renewal rates: 84.3% first stage, 73.8% second stage and 69.2% third stage due to conservative estimates of continued economic growth and patent demand.	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: 90.2% first stage, 81.8% second stage and 76.7% third stage due to high estimates of continued economic growth and patent demand.
Enhanced Examination Timing Assumptions:	Track 1 filings: 6,894 filings	Track 1 filings: 6,000 filings	Track 1 filings: 7,000 filings	Track 1 filings: 8,000 filings	Track 1 filings: 6,000 filings	Track 1 filings: 7,000 filings	Track 1 filings: 8,000 filings
Patent Fee Adjustments:	March implementation of Section 10 fee setting for patent fees.	Assuming 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.	Assuming 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.	Assuming 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.	N/A	N/A	N/A
Trademark Fee Adjustments:	N/A	N/A	N/A	N/A	New Trademark fee rates for filing and renewals.	New Trademark fee rates for filing and renewals.	New Trademark fee rates for filing and renewals.

APPENDIX V

USPTO Fee Collections FY 2013 Estimated and Actual Fees and Assumptions

<i>(Dollars in Millions)</i>	FY 2012	FY 2013				
	Actual	President's Budget	Revised Working Estimate	Revised Low Estimate	Revised High Estimate	Actual
Date of Projection	October 2012	February 2012	December 2012	December 2012	December 2012	October 2013
Total USPTO Fee Collections	\$2,408	\$2,953	\$2,747	\$2,553	\$2,879	\$2,815
Total Patent Fee Collections	\$2,159	\$2,687	\$2,479	\$2,294	\$2,607	\$2,552
Total Trademark Fee Collections	\$249	\$267	\$268	\$259	\$272	\$264
Major Patent Fee Collections:						
Filing (with Excess Claims)	\$600	\$765	\$674	\$638	\$703	\$737
Issue and Publication	\$465	\$606	\$555	\$501	\$582	\$529
Maintenance	\$699	\$807	\$762	\$694	\$806	\$837
PCT	\$137	\$161	\$151	\$146	\$158	\$162
Extensions of Time	\$141	\$182	\$158	\$138	\$177	\$151
Other	\$117	\$166	\$179	\$176	\$181	\$136
Assumptions Used to Develop Fee Collection Estimates						
Filing Growth Rates:	Filings growth rate 5.2% (533,308 UPR filings, 157,817 RCEs). Trademark filings growth rate 4.1% (415,026 filings).	Filings growth rate 4.5% (557,282 UPR filings, 140,416 RCEs) with elasticity assumptions due to fee increases. Filings growth rate 3.6% (428,000 filings).	Filings growth rate 3.3% (550,026 UPR filings, 153,081 RCEs) with elasticity assumptions due to fee increases. Trademark Filings growth rate 4.3% (433,000 filings).	Filings growth rate 0.0% (537,443 UPR filings, 147,743 RCEs) with elasticity assumptions due to fee increases. Trademarks Filings growth rate - 2.6% (404,000 filings). These filing rates were based on low/conservative estimates of economic growth seen in the fall/winter of FY 2012.	Filings growth rate 6.3% (565,778 UPR filings, 151,830 RCEs) with elasticity assumptions due to fee increases. Trademark filings growth estimated at 7.2% (445,100 filings). These filing rates were based on high estimates of economic growth seen in the fall/winter of FY 2012.	Filings growth rate 6.2% (566,399 UPR filings, 164,072 RCEs). Filings growth rate 4.5% (433,654 filings).
Filing Growth Rates Trends:	Patent filings increased 5% in FY 2012 with 30% of the total continued examinations (RCEs). In the President's Budget estimate it was assumed there would be 5% growth in patent filings, and that RCEs would comprise 25% of filings due to the fee increase. The actual growth rate came in better than estimated at 6% and the percentage of RCEs came in higher than expected at 29%. Patent filings are expected to continue to grow in FY 2014 and FY 2015. Trademark filings were estimated to have 4% growth in the President's Budget. The actual growth rate was better than anticipated and trademark filings grew 5%. This growth is expected to continue in FY 2014 and FY 2015.					
Patent Issue:	270,258 issues.	302,042 planned issues.	279,362 planned issues. Estimate of issues decreased due to actual filings seen in the fall/winter of 2012.	Issues of 251,426 planned. Estimates of issues decreased in the low estimate based on estimates of examiner corps production.	Issues of 293,330 planned. Estimates of issues was based on high estimates of patent grants.	267,900 issues.
Patent Issue Trends:	Patent Issues is a process and resource driven workload. The President's Budget numbers reflected the strong FY 2011 numbers, an increased allowance rate, and even showed the expectation of increased issues. The number of patents issued stayed almost the same with a decrease from 270,258 to 267,900 from FY 2012 to FY 2013. The estimated issues are in line with the increases in production and patent allowance rates. The USPTO expects these strong production levels to continue in FY 2014 and FY 2015.					
Patent Maintenance (Post Renewal):	Renewal rates: 78% first stage, 67% second stage and 64% third stage. Actual renewal rates in FY 2012 were lower than in FY 2011 partly due to payments made in advance of the fee increase.	Renewal rates: 90.7% first stage, 80.8% second stage and 74.4% third stage with no first year elasticity due to fee increases.	Renewal rates: 87.9% first stage, 77.4% second stage and 70.1% third stage with first year elasticity assumptions due to fee increases	Renewal rates: 87.9% first stage, 77.4% second stage and 70.1% third stage. Estimates decreased in the low estimate for renewals in anticipation of sensitivity to the fee restructure.	Renewal rates: 93.9% first stage, 82.2% second stage and 74.4% third stage. Renewal rates are based on a high estimate of demand for renewals in advance of the fee increase and an estimate of decreased sensitivity to the fee restructure.	Renewal rates: 92.0% first stage, 79.2% second stage and 74.5% third stage.

USPTO Fee Collections
 FY 2013 Estimated and Actual Fees and Assumptions

Patent Maintenance (Post Renewal) Trends:	In October of 2012, a CPI was implemented and in March of FY 2013, the new fee structure went into effect. The renewal payment "window" provides patent holders six months to pay maintenance fees without a penalty, which provides great flexibility for payers. As a result, in both instances, applicants paid their maintenance fees early in anticipation of higher fee rates. This prepayment led to a bump in October 2012 collections, a very large spike in March 2013 collections, and a resulting decrease in collections over the following months. In the last few months of FY 2013, renewal collections were strong and this trend is expected to continue, which is reflected in the President's Budget.					
Fee Adjustments:	Patent statutory and RCE fees increase of 15% continued.	15% Increase to certain patent fees continued until fee restructure \$229.8 million collections increase; \$13.4 million in prioritized examination fees prior to fee restructure; CPI of 1.7%, with \$35.4 million collections increase; and fee restructure \$153.8 million increase assuming 2/1/2013 implementation.	15% Increase to certain patent fees continued until fee restructure; CPI of 1.7% implemented 10/5/2012; assuming 4/1/2013 fee restructure implementation.	15% Increase to certain patent fees continued until fee restructure; CPI of 1.7% implemented 10/5/2012; assuming 4/1/2013 fee restructure implementation.	15% Increase to certain patent fees continued until fee restructure; CPI of 1.7% implemented 10/5/2012; assuming 4/1/2013 fee restructure implementation.	1.7% CPI implemented in October and March implementation of Section 10 fee setting for patent fees.

APPENDIX VI
United States Patent and Trademark Office
FY 2013 Fee Collections Report

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
Patent Fee Summary:						
	Patent Application Filing Fees				\$766,333,240	\$737,197,606
	Patent Issue Fees				\$505,484,159	\$449,590,217
	Pre-Grant Publication Fees				\$88,967,030	\$79,072,700
	Patent Maintenance Fees				\$790,759,880	\$837,122,598
	Patent Extension Fees				\$178,542,320	\$150,606,409
	Patent Appeal Fees				\$57,907,815	\$42,172,955
	Patent Revival Fees				\$22,538,435	\$18,099,025
	Patent Cooperation Treaty (PCT) Fees				\$167,153,730	\$161,664,444
	Other Patent Processing Fees				\$72,451,590	\$38,236,693
	Patent Attorney/Agent Enrollment Fees				\$1,132,817	\$1,051,993
	Patent Service Fees				\$35,132,221	\$36,618,642
	Corporate Fees				\$107,950	\$101,196
Total Patent Fees					\$2,686,511,187	\$2,551,534,478
Trademark Fee Summary:						
	Trademark Processing Fees				\$243,532,075	\$240,060,688
	Trademark Madrid Protocol Fees				\$15,856,926	\$16,739,658
	Trademark Service Fees				\$7,327,510	\$6,839,554
	Corporate Fees				\$13,300	\$10,503
Total Trademark Fees					\$266,729,811	\$263,650,403
Total United States Patent and Trademark Office Fees					\$2,953,240,998	\$2,815,184,880
Patent Filing Fees (Large Entity):						
1011	Filing of Utility Patent Application	\$380	\$390	\$280	\$89,065,870	\$77,402,128
1111	Search of Utility Patent Application Examination of Utility Patent Application	\$620	\$620	\$600	\$144,270,920	\$138,525,130
1311	Application	\$250	\$250	\$720	\$115,291,030	\$106,396,240
1012	Filing of Design Patent Application	\$250	\$250	\$180	\$3,964,340	\$3,600,641
1112	Search of Design Patent Application Examination of Design Patent Application	\$120	\$120	\$120	\$2,021,960	\$2,056,720
1312	Application	\$160	\$160	\$460	\$4,523,880	\$5,437,520
1013	Filing of Plant Patent Application	\$250	\$250	\$180	\$134,410	\$139,760
1113	Search of Plant Patent Application Examination of Plant Patent Application	\$380	\$380	\$380	\$205,580	\$245,100
1313	Application	\$200	\$200	\$580	\$190,520	\$245,660
1014	Filing of Reissue Patent Application Search of Reissue Patent Application	\$380	\$390	\$280	\$224,490	\$202,050
1114	Application Examination of Reissue Patent Application	\$620	\$620	\$600	\$354,720	\$367,780
1314	Application	\$750	\$760	\$2,160	\$747,000	\$875,150
1005	Provisional Application Filing	\$250	\$250	\$260	\$15,289,390	\$16,671,128
1017	CPA - Design Filing	\$250	\$250	\$180	\$123,480	\$102,940
1019	CPA - Reissue Filing	\$380	\$380	\$280	\$0	(\$100)

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
1051	Surcharge - Late Filing, Search or Examination Fee, Oath or Declaration	\$130	\$130	\$140	\$8,812,150	\$15,278,690
1052	Surcharge - Late Provisional Filing Fee or Cover Sheet	\$50	\$50	\$60	\$149,970	\$150,260
1081	Utility Application Size	\$310	\$320	\$400	\$3,949,680	\$3,682,100
1082	Design Application Size	\$310	\$320	\$400	\$37,760	\$33,650
1083	Plant Application Size	\$310	\$320	\$400	\$0	\$0
1084	Reissue Application Size	\$310	\$320	\$400	\$9,360	\$10,160
1085	Provisional Application Size	\$310	\$320	\$400	\$1,454,000	\$1,476,260
1201	Independent Claims in Excess of Three	\$250	\$250	\$420	\$30,767,510	\$32,060,195
1202	Total Claims in Excess of Twenty	\$60	\$62	\$80	\$43,738,468	\$43,060,550
1203	Multiple Dependent Claims	\$450	\$460	\$780	\$1,796,100	\$1,401,260
1204	Reissue Independent Claims in Excess of Three	\$250	\$250	\$420	\$265,030	\$391,020
1205	Reissue Total Claims in Excess of Twenty	\$60	\$62	\$80	\$370,278	\$453,104
1801	Request for Continued Examination	\$930	\$930	\$1,200	\$150,920,660	\$123,933,850
1820	Second and Subsequent Request for Continued Examination	\$930	\$930	\$1,700	\$0	\$26,824,300
1809	Filing a Submission after Final Rejection	\$810	\$810	\$840	\$62,440	\$58,800
1810	Each Additional Invention to be Examined	\$810	\$810	\$840	\$4,200	\$0
1821	Reexamination Independent Claims in Excess of Three	\$250	\$250	\$420	\$186,150	\$235,870
1822	Reexamination Total Claims in Excess of Twenty	\$60	\$62	\$80	\$394,970	\$438,622
1817	Request for Prioritized Examination Accelerated Examination (Track I)	\$4,800	\$4,800	\$4,000	\$34,634,880	\$12,755,200
xxxx	Petition Fee				\$957,040	\$0
1819	Correct Inventorship after First Action on the Merits	\$0	\$0	\$600	\$0	\$175,200
Total Patent Filing Fees (Large Entity)					\$654,918,236	\$614,686,938

Patent Filing Fees (Small Entity):

2011	Filing of Utility Patent Application	\$190	\$195	\$140	\$1,850,625	\$379,576
4011	Electronic Filing of Utility Patent Application	\$95	\$98	\$70	\$6,590,418	\$7,359,773
2111	Search of Utility Patent Application	\$310	\$310	\$300	\$24,133,700	\$26,661,960
2311	Examination of Utility Patent Application	\$125	\$125	\$360	\$17,412,160	\$19,823,815
2012	Filing of Design Patent Application	\$125	\$125	\$90	\$1,642,740	\$1,690,995
2112	Search of Design Patent Application	\$60	\$60	\$60	\$828,210	\$924,070
2312	Examination of Design Patent Application	\$80	\$80	\$230	\$1,713,630	\$2,239,860
2013	Filing of Plant Patent Application	\$125	\$125	\$90	\$55,635	\$68,385
2113	Search of Plant Patent Application	\$190	\$190	\$190	\$84,990	\$122,170
2313	Examination of Plant Patent Application	\$100	\$100	\$290	\$72,120	\$128,610
2014	Filing of Reissue Patent Application	\$190	\$195	\$140	\$26,145	\$27,505
2114	Search of Reissue Patent Application	\$310	\$310	\$300	\$41,360	\$49,430
2314	Examination of Reissue Patent Application	\$375	\$380	\$1,080	\$80,140	\$115,760
2005	Provisional Application Filing	\$125	\$125	\$130	\$10,787,490	\$12,020,176

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
2017	CPA-Design Filing	\$125	\$125	\$90	\$50,935	\$23,835
2019	CPA- Reissue Filing Surcharge - Late Filing, Search or Examination Fee, Oath or	\$190	\$195	\$140	\$0	\$0
2051	Declaration Surcharge - Late Provisional Filing	\$65	\$65	\$70	\$1,582,770	\$3,014,760
2052	Fee or Cover Sheet	\$25	\$25	\$30	\$83,695	\$142,165
2081	Utility Application Size	\$155	\$160	\$200	\$645,040	\$920,350
2082	Design Application Size	\$155	\$160	\$200	\$2,640	\$3,240
2083	Plant Application Size	\$155	\$160	\$200	\$0	\$0
2084	Reissue Application Size	\$155	\$160	\$200	\$0	\$0
2085	Provisional Application Size	\$155	\$160	\$200	\$570,160	\$788,060
2201	Independent Claims in Excess of Three	\$125	\$125	\$210	\$3,696,095	\$5,734,905
2202	Total Claims in Excess of Twenty	\$30	\$31	\$40	\$7,492,938	\$10,542,121
2203	Multiple Dependent Claims	\$225	\$230	\$390	\$280,050	\$362,685
2204	Reissue Independent Claims in Excess of Three	\$125	\$125	\$210	\$25,005	\$52,730
2205	Reissue Total Claims in Excess of Twenty	\$30	\$31	\$40	\$54,608	\$58,981
2801	Request for Continued Examination Second and Subsequent Request for Continued Examination	\$465	\$465	\$600	\$13,114,145	\$14,985,555
2820	Filing a Submission after Final Rejection	\$465	\$465	\$850	\$0	\$2,207,450
2809	Each Additional Invention to be Examined	\$405	\$405	\$420	\$6,730	\$15,015
2810	Reexamination Independent Claims in Excess of Three	\$405	\$405	\$420	\$0	\$420
2821	Reexamination Total Claims in Excess of Twenty	\$125	\$125	\$210	\$14,585	\$28,445
2822	Request for Prioritized Examination Correct Inventorship After First Action on the Merits	\$30	\$31	\$40	\$19,403	\$28,626
2817		\$2,400	\$2,400	\$2,000	\$6,156,720	\$7,378,000
2819		\$0	\$0	\$300	\$0	\$49,500
Total Patent Filing Fees (Small Entity)					\$99,114,882	\$117,948,928
Patent Filing Fees (Micro Entity)						
3011	Filing of Utility Patent Application	\$0	\$0	\$70	\$193,095	\$444,780
4011	Electronic Filing of Utility Patent Application				\$674,200	\$0
3111	Search of Utility Patent Application Examination of Utility Patent Application	\$0	\$0	\$150	\$2,501,730	\$953,850
3311		\$0	\$0	\$180	\$2,965,755	\$1,144,800
3012	Filing of Design Patent Application	\$0	\$0	\$45	\$169,715	\$75,060
3112	Search of Design Patent Application Examination of Design Patent Application	\$0	\$0	\$30	\$91,385	\$49,950
3312		\$0	\$0	\$115	\$274,155	\$192,855
3013	Filing of Plant Patent Application	\$0	\$0	\$45	\$5,785	\$135
3113	Search of Plant Patent Application Examination of Plant Patent Application	\$0	\$0	\$95	\$8,900	\$285
3313		\$0	\$0	\$145	\$11,570	\$435
3014	Filing of Reissue Patent Application Search of Reissue Patent Application	\$0	\$0	\$70	\$2,730	\$420
3114		\$0	\$0	\$150	\$4,290	\$750
3314	Examination of Reissue Patent Application	\$0	\$0	\$540	\$12,480	\$2,700
3005	Provisional Application Filing	\$0	\$0	\$65	\$1,114,685	\$897,910

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
3017	CPA-Design Filing	\$0	\$0	\$45	\$5,265	\$405
3019	CPA-Reissue Filing	\$0	\$0	\$70	\$0	\$0
	Surcharge-Late Filing, Search or Examination Fee, Oath or Declaration					
3051	Surcharge- Late Provisional Filing	\$0	\$0	\$35	\$144,270	\$58,275
3052	Fee or Cover Sheet	\$0	\$0	\$15	\$24,285	\$11,775
3081	Utility Application Size Fee	\$0	\$0	\$100	\$87,300	\$6,100
3082	Design Application Size Fee	\$0	\$0	\$100	\$300	\$0
3083	Plant Application Size Fee	\$0	\$0	\$100	\$0	\$0
3084	Reissue Application Size Fee	\$0	\$0	\$100	\$0	\$0
3085	Provisional Application Size Fee	\$0	\$0	\$100	\$64,500	\$5,700
3201	Independent Claims in Excess of Three	\$0	\$0	\$105	\$427,130	\$105,420
3202	Total Claims in Excess of Twenty	\$0	\$0	\$20	\$831,402	\$133,620
3203	Multiple Dependent Claims	\$0	\$0	\$195	\$32,000	\$9,165
3204	Reissue Independent Claims in Excess of Three	\$0	\$0	\$105	\$2,860	\$210
3205	Reissue Total Claims in Excess of Twenty	\$0	\$0	\$20	\$6,110	\$180
3801	Request for Continued Examination	\$0	\$0	\$300	\$2,007,440	\$261,600
3820	Second and Subsequent Request for Continued Examination	\$0	\$0	\$425	\$0	\$59,500
3809	Filing a Submission after Final Rejection	\$0	\$0	\$210	\$645	\$420
3810	Each Additional Invention to be Examined	\$0	\$0	\$210	\$0	\$0
3821	Reexamination Independent Claims in Excess of Three	\$0	\$0	\$105	\$1,540	\$0
3822	Reexamination Total Claims in Excess of Twenty	\$0	\$0	\$20	\$2,080	\$240
3817	Request for Prioritized Examination	\$0	\$0	\$1,000	\$632,520	\$144,000
3819	Correct Inventorship After First Action on the Merits	\$0	\$0	\$150	\$0	\$1,200
	Total Patent Filing Fee (Micro Entity)				\$12,300,122	\$4,561,740
	Total Patent Application Filing Fees				\$766,333,240	\$737,197,606
	Patent Issue Fees (Large Entity):					
1501	Utility Issue	\$1,740	\$1,770	\$1,780	\$433,934,970	\$380,270,210
1502	Design Issue	\$990	\$1,010	\$1,020	\$12,166,460	\$12,250,580
1503	Plant Issue	\$1,370	\$1,390	\$1,400	\$777,000	\$580,020
1511	Reissue Issue	\$1,740	\$1,770	\$1,780	\$1,019,520	\$851,960
1506	Suspense Account for Partial Issue Payments	\$0	\$0	\$0	\$40,534	\$147,387
	Total Patent Issue Fees (Large Entity)				\$447,938,484	\$394,100,157
	Patent Issue Fees (Small Entity):					
2501	Utility Issue	\$870	\$885	\$890	\$51,941,535	\$48,680,085
2502	Design Issue	\$495	\$505	\$510	\$5,182,310	\$5,132,715
2503	Plant Issue	\$685	\$695	\$700	\$228,900	\$298,990
2511	Reissue Issue	\$870	\$885	\$890	\$192,930	\$264,420
	Total Patent Issue Fees (Small Entity)				\$57,545,675	\$54,376,210
	Patent Issue Fees (Micro Entity)					

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
3501	Utility or Reissue Issue	\$0	\$0	\$445	\$0	\$959,420
3502	Design Issue	\$0	\$0	\$255	\$0	\$151,980
3503	Plant Issue	\$0	\$0	\$350	\$0	\$2,450
3511	Reissue Issue	\$0	\$0	\$445	\$0	\$0
Total Patent Issue Fees (Micro Entity)					\$0	\$1,113,850
Total Patent Issue Fees					\$505,484,159	\$449,590,217

Pre-Grant Publication Fees:						
1504	Publication Fee for Early, Voluntary or Normal Publication	\$300	\$300	\$300	\$88,445,100	\$77,848,800
1505	Publication Fee for Republication Request for Voluntary Publication or	\$300	\$300	\$300	\$60,300	\$47,400
1803	Republication	\$130	\$130	\$130	\$62,530	\$33,020
1808	Processing Fee, Except in Provisional Applications	\$130	\$130	\$130	\$399,100	\$1,143,480
1507	Suspense Account for Partial Publication Payments	\$0	\$0	\$0	\$0	\$0
Total Pre-Grant Publication Fees					\$88,967,030	\$79,072,700

Patent Maintenance Fees (Large Entity):						
1551	First Stage Maintenance	\$1,130	\$1,150	\$1,600	\$152,127,500	\$159,666,200
1552	Second Stage Maintenance	\$2,850	\$2,900	\$3,600	\$237,286,400	\$252,529,130
1553	Third Stage Maintenance	\$4,730	\$4,810	\$7,400	\$345,541,000	\$342,764,630
1554	First Stage Surcharge In Grace Period	\$150	\$150	\$160	\$463,340	\$748,940
1555	Second Stage Surcharge In Grace Period	\$150	\$150	\$160	\$376,750	\$427,970
1556	Third Stage Surcharge In Grace Period	\$150	\$150	\$160	\$220,130	\$342,400
1557	Maintenance Surcharge After Expiration - Unavoidable Late Payment	\$700	\$700	\$700	\$7,240	\$8,400
1558	Maintenance Surcharge After Expiration - Unintentional Late Payment	\$1,640	\$1,640	\$1,640	\$2,343,820	\$1,858,120
1559	Unassigned Maintenance Fee Payments	\$0	\$0	\$0	\$1,000,000	\$2,062,768
Total Patent Maintenance Fees (Large Entity)					\$739,366,180	\$760,408,558

Patent Maintenance Fees (Small Entity):						
2551	First Stage Maintenance	\$565	\$575	\$800	\$10,352,700	\$17,679,335
2552	Second Stage Maintenance	\$1,425	\$1,450	\$1,800	\$17,817,500	\$25,897,420
2553	Third Stage Maintenance	\$2,365	\$2,405	\$3,700	\$16,956,080	\$31,254,275
2554	First Stage Surcharge in Grace Period	\$75	\$75	\$80	\$187,910	\$286,010
2555	Second Stage Surcharge in Grace Period	\$75	\$75	\$80	\$133,940	\$208,430
2556	Third Stage Surcharge in Grace Period	\$75	\$75	\$80	\$76,950	\$150,135
2557	Surcharge After Expiration- Unavoidable Late Payment	\$0	\$0	\$350	\$0	\$1,050
2558	Surcharge After Expiration- Unintentional Late Payment	\$0	\$0	\$820	\$80,040	\$179,580
Total Patent Maintenance Fees (Small Entity)					\$45,605,120	\$75,656,235

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
Total Patent Maintenance Fees (Small Entity)						
3551	First Stage Maintenance	\$0	\$0	\$400	\$1,081,500	\$254,000
3552	Second Stage Maintenance	\$0	\$0	\$900	\$2,050,500	\$331,200
3553	Third Stage Maintenance	\$0	\$0	\$1,850	\$2,606,250	\$431,050
3554	First Stage Surcharge in Grace Period	\$0	\$0	\$40	\$17,600	\$6,840
3555	Second Stage Surcharge in Grace Period	\$0	\$0	\$40	\$13,000	\$4,760
3556	Third Stage Surcharge in Grace Period	\$0	\$0	\$40	\$6,680	\$4,360
3557	Surcharge After Expiration - Unavoidable Late Payment	\$0	\$0	\$175	\$0	\$175
3558	Surcharge After Expiration - Unintentional Late Payment	\$0	\$0	\$410	\$13,050	\$25,420
Total Patent Maintenance Fees (Micro Entity)					\$5,788,580	\$1,057,805
Total Patent Maintenance Fees					\$790,759,880	\$837,122,598
Patent Extension Fees (Large Entity):						
1251	Extension for Response within First Month	\$150	\$150	\$200	\$19,364,280	\$18,555,960
1252	Extension for Response within Second Month	\$560	\$570	\$600	\$32,380,440	\$25,332,571
1253	Extension for Response within Third Month	\$1,270	\$1,290	\$1,400	\$67,960,500	\$53,294,563
1254	Extension for Response within Fourth Month	\$1,980	\$2,010	\$2,200	\$7,211,130	\$5,097,534
1255	Extension for Response within Fifth Month	\$2,690	\$2,730	\$3,000	\$12,152,970	\$9,510,073
Total Patent Extension Fees (Large Entity)					\$139,069,320	\$111,790,701
Patent Extension Fees (Small Entity):						
2251	Extension for Response within First Month	\$75	\$75	\$100	\$2,814,935	\$3,478,750
2252	Extension for Response within Second Month	\$280	\$285	\$300	\$5,865,000	\$6,476,687
2253	Extension for Response within Third Month	\$635	\$645	\$700	\$20,121,630	\$20,799,980
2254	Extension for Response within Fourth Month	\$990	\$1,005	\$1,100	\$2,287,785	\$2,236,150
2255	Extension for Response within Fifth Month	\$1,345	\$1,365	\$1,500	\$4,726,860	\$5,163,900
Total Patent Extension Fees (Small Entity)					\$35,816,210	\$38,155,467
Patent Extension Fees (Micro Entity)						
3251	Extension for Response within First Month	\$0	\$0	\$50	\$291,480	\$61,800
3252	Extension for Response within Second Month	\$0	\$0	\$150	\$603,900	\$115,875
3253	Extension for Response within Third Month	\$0	\$0	\$350	\$2,049,300	\$360,700
3254	Extension for Response within Fourth Month	\$0	\$0	\$550	\$232,560	\$39,988
3255	Extension for Response within Fifth Month	\$0	\$0	\$750	\$479,550	\$81,878
Total Patent Extension Fees					\$3,656,790	\$660,241

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
(Micro Entity)						
Total Patent Extension Fees					\$178,542,320	\$150,606,409
Patent Appeal Fees (Large Entity):						
1401	Notice of Appeal to Board of Appeals	\$620	\$630	\$800	\$28,233,000	\$15,464,590
1402	Filing a Brief in Support of an Appeal	\$620	\$630	\$0	\$21,562,410	\$4,018,720
1413	Forwarding an appeal in an application or ex parte reexamination proceeding to the Board	\$0	\$0	\$2,000	\$0	\$2,478,000
1404	Filing a brief in support of an appeal in an inter partes reexamination proceeding	\$0	\$0	\$2,000	\$0	\$734,010
1403	Request for an Oral Hearing	\$1,240	\$1,260	\$1,300	\$1,399,620	\$1,084,100
xxxx	Post Grant Opposition				\$1,790,000	\$0
Total Patent Appeal Fees (Large Entity)					\$52,985,030	\$23,779,420
Patent Appeal Fees (Small Entity):						
2401	Notice of Appeal to Board of Appeals	\$310	\$315	\$400	\$2,577,870	\$1,968,495
2402	Filing a Brief in Support of an Appeal	\$310	\$315	\$0	\$1,431,060	\$419,745
2413	Forwarding an Appeal in an Application or Ex Parte Reexamination Proceeding	\$0	\$0	\$1,000	\$0	\$189,000
2404	Filing a Brief in Support of an Appeal in an Inter Partes Reexamination Proceeding to the Board	\$0	\$0	\$1,000	\$0	\$78,000
2403	Request for an Oral Hearing	\$620	\$630	\$650	\$145,380	\$131,570
Total Patent Appeal Fees (Small Entity)					\$4,154,310	\$2,786,810
Patent Appeal Fees (Micro Entity)						
3401	Notice of Appeal to Board of Appeals	\$0	\$0	\$200	\$438,000	\$32,600
3402	Filing a Brief in Support of an Appeal	\$0	\$0	\$0	\$315,625	\$0
3413	Forwarding an Appeal in an Application or Ex Parte Reexamination Proceeding	\$0	\$0	\$500	\$0	\$7,500
3404	Filing a Brief in Support of an Appeal in an Inter Partes Reexamination Proceeding to the Board	\$0	\$0	\$500	\$0	\$6,000
3403	Request for an Oral Hearing	\$0	\$0	\$325	\$14,850	\$1,625
Total Patent Appeal Fees (Micro Entity)					\$768,475	\$47,725
Patent Appeal Fees (Other):						
1405	Petitions to the Chief Administrative Patent Judge under 37 CFR 41.3	\$400	\$400	\$400	\$0	\$19,600
1406	Inter partes review request fee - Up to 20 claims	\$27,200	\$27,200	\$9,000	\$0	\$7,392,600
1407	Inter partes review request of each claim in excess of 20	\$600	\$600	\$200	\$0	\$671,200

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
1414	Inter partes review post-institution fee - Up to 15 claims	\$0	\$0	\$14,000	\$0	\$4,998,000
1415	Inter partes post-institution request of each claim in excess of 15	\$0	\$0	\$400	\$0	\$687,200
XXXX	Inter Partes Review Refunds	\$0	\$0	(\$18,200)	\$0	\$0
1408	Post-grant or covered business method review request fee - Up to 20 claims	\$35,800	\$35,800	\$12,000	\$0	\$742,600
1409	Post-grant or covered business method review request of each claim in excess of 20	\$800	\$800	\$250	\$0	\$155,800
1416	Post-grant or covered business method review post-institution fee - Up to 15 claims	\$0	\$0	\$18,000	\$0	\$720,000
1417	Post Grant Review and Covered Business Method Post Institution Per Claim Fee Greater than 15	\$0	\$0	\$550	\$0	\$171,600
XXXX	Post Grant Review Refunds	\$0	\$0	(\$23,600)	\$0	\$0
1412	Petition for a derivation proceeding Request to make a settlement agreement available and other requests filed in a patent trial proceeding	\$400	\$400	\$400	\$0	\$400
1411		\$400	\$400	\$400	\$0	\$0
Total Patent Appeal Fees (Other)					\$0	\$15,559,000
Total Patent Appeal Fees					\$57,907,815	\$42,172,955
Patent Revival Fees (Large Entity):						
1452	Petition to Revive Unavoidably Abandoned Application	\$620	\$630	\$640	\$63,720	\$37,550
1453	Petition to Revive Unintentionally Abandoned Application	\$1,860	\$1,890	\$1,900	\$7,693,460	\$6,396,110
1814	Statutory Disclaimer	\$160	\$160	\$160	\$10,501,080	\$7,531,560
Total Patent Revival Fees (Large Entity)					\$18,258,260	\$13,965,220
Patent Revival Fees (Small Entity):						
2452	Petition to Revive unavoidably Abandoned Application	\$310	\$315	\$320	\$58,665	\$39,635
2453	Petition to Revive Unintentionally Abandoned Application	\$930	\$945	\$950	\$3,504,100	\$3,375,375
2814	Statutory Disclaimer	\$80	\$80	\$0	\$356,720	\$480,150
Total Patent Revival Fees (Small Entity)					\$3,919,485	\$3,895,160
Patent Revival Fees (Micro Entity)						
3452	Petition to Revive Unavoidably Abandoned Application	\$0	\$0	\$160	\$5,775	\$3,520
3453	Petition to Revive Unintentionally Abandoned Application	\$0	\$0	\$475	\$354,915	\$235,125
Total Patent Revival Fees (Micro Entity)					\$360,690	\$238,645
Total Patent Revival Fees					\$22,538,435	\$18,099,025
PCT Application Fees (Large Entity):						
1631	Filing of PCT National Stage Application	\$380	\$390	\$280	\$21,382,380	\$18,918,200
1632	PCT National Stage Search - All Other Situations	\$620	\$630	\$600	\$391,500	\$1,769,790

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
1640	PCT National Stage Search - US was ISA or IPEA and All Claims Satisfy PCT Article	\$0	\$0	\$0	\$0	\$0
1641	PCT National Stage Search - US was the ISA	\$120	\$120	\$120	\$313,440	\$270,300
1642	PCT National Stage Search - Search Report Prepared and Provided to USPTO	\$490	\$500	\$480	\$27,186,820	\$25,437,500
1633	PCT National Stage Examination - All Other Situations	\$250	\$250	\$720	\$25,854,880	\$28,645,310
1643	PCT National Stage Examination - US was IPEA and All Claims Satisfy PCT Article 33(1)-(4)	\$0	\$0	\$0	\$0	\$0
1614	Independent Claims in Excess of Three	\$250	\$250	\$420	\$8,133,000	\$6,611,290
1615	Total Claims in Excess of Twenty	\$60	\$62	\$80	\$10,880,434	\$7,577,448
1616	Multiple Dependent Claims	\$450	\$460	\$780	\$2,056,080	\$1,029,030
1617	Search or Examination Fee, Oath or Declaration after 30 Months from Priority Date	\$130	\$130	\$140	\$3,244,880	\$3,074,240
1618	English Translation After 30 Months from Priority Date	\$130	\$130	\$140	\$275,700	\$239,700
1681	PCT National Stage Application Size	\$310	\$320	\$400	\$1,407,200	\$1,403,330
Total PCT Application Fees (Large Entity)					\$101,126,314	\$94,976,138
PCT Application Fees (Small Entity):						
2631	Filing of PCT National Stage Application	\$190	\$195	\$140	\$2,842,115	\$2,836,670
2632	PCT National Stage Search - All Other Situations	\$310	\$315	\$300	\$51,315	\$265,105
2640	PCT National Stage Search - USPTO is ISA or IPEA and All Claims Meet PCT Article	\$0	\$0	\$0	\$0	\$0
2641	PCT National Stage Search - US was the ISA	\$60	\$60	\$60	\$163,910	\$132,690
2642	PCT National Stage Search - Search Report Prepared and Provided to USPTO	\$245	\$250	\$240	\$3,091,610	\$3,390,295
2633	PCT National Stage Examination - All Other Situations	\$125	\$125	\$360	\$3,181,535	\$4,060,230
2643	National Stage Examination - US was IPEA and All Claims Satisfy PCT Article 33(1)-(4)	\$0	\$0	\$0	\$0	\$0
2614	Independent Claims in Excess of Three	\$125	\$125	\$210	\$1,376,615	\$1,236,200
2615	Total Claims in Excess of Twenty	\$30	\$31	\$40	\$2,816,450	\$2,271,020
2616	Multiple Dependent Claims	\$225	\$230	\$390	\$324,260	\$207,290
2617	Search of Examination Fee, Oath or Declaration after 30 Months from Priority Date	\$65	\$65	\$70	\$494,295	\$645,140
2618	English Translation After 30 Months from Priority Date	\$0	\$0	\$70	\$28,575	\$27,370
2681	National Stage Application Size	\$0	\$160	\$200	\$216,400	\$266,675
Total PCT Application Fees (Small Entity)					\$14,587,080	\$15,338,685
PCT Application Fees (Micro Entity)						
3631	Filing of PCT National Stage Application	\$0	\$0	\$70	\$290,400	\$34,020

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
3632	PCT National Stage Search - All Other Situations	\$0	\$0	\$150	\$5,518	\$6,450
3640	PCT National Stage Search - USPTO is ISA or IPEA and All Claims Satisfy PCT Article	\$0	\$0	\$0	\$0	\$0
3641	PCT National Stage Search - USPTO is ISA	\$0	\$0	\$30	\$17,780	\$2,910
3642	PCT National Stage Search - Search Report Prepared and Provided to USPTO	\$0	\$0	\$120	\$329,700	\$41,520
3633	PCT National Stage Examination - All Other Situations	\$0	\$0	\$180	\$460,000	\$86,400
3643	PCT National Stage Examination - USPTO is IPEA and All Claims Satisfy PCT Article	\$0	\$0	\$0	\$0	\$0
3614	Independent Claims in Excess of Three	\$0	\$0	\$105	\$174,900	\$23,520
3615	Total Claims in Excess of Twenty	\$0	\$0	\$20	\$359,008	\$29,540
3616	Multiple Dependent Claims Search or Examination Fee, Oath or Declaration After 30 Months from Priority Date	\$0	\$0	\$195	\$41,600	\$3,900
3617	English Translation After 30 Months from Priority Date	\$0	\$0	\$35	\$45,920	\$5,845
3618	PCT National Stage Application Size Fee	\$0	\$0	\$35	\$3,290	\$560
3681		\$0	\$0	\$100	\$23,900	\$2,400
Total PCT Application Filing Fees (Micro Entity)					\$1,752,016	\$237,065
Total PCT Application Filing Fees					\$117,465,410	\$110,551,888

PCT Processing Fees:

1601	PCT Transmittal Fee	\$240	\$240	\$240	\$10,754,240	\$13,479,780
1602	PCT Search Fee - Regardless of whether there is a corresponding application	\$2,080	\$2,080	\$2,080	\$32,209,640	\$34,925,080
1603	PCT Search Fee - Prior US Application Filed		\$300	\$300	\$0	\$0
1604	Supplemental Search per Additional Invention	\$2,080	\$2,080	\$2,080	\$922,480	\$1,131,520
1605	PCT - Preliminary Examination (USPTO is ISA)	\$600	\$600	\$600	\$766,160	\$771,490
1606	PCT - Preliminary Examination (USPTO is not ISA)	\$750	\$750	\$750	\$276,300	\$265,500
1607	Supplemental Examination per Additional Invention	\$600	\$600	\$600	\$5,000	\$22,800
1619	PCT - Late Payment	\$0	\$0	\$0	\$10,000	\$354,626
1620	PCT - Designation Confirmation Transmitting Application to International Bureau	\$0	\$0	\$0	\$0	\$0
1621	Suspense Account for PCT Payments	\$240	\$240	\$240	\$0	\$161,760
1624		\$0	\$0	\$0	\$1,000,000	\$0
Total PCT Processing Fees					\$45,943,820	\$51,112,556

PCT Processing Fees (Small Entity)

2601	PCT Transmittal Fee	\$0	\$0	\$240	\$775,710	\$0
2602	PCT Search Fee - No Prior US Application	\$0	\$0	\$2,080	\$2,291,040	\$0
2604	Supplemental Search per Additional Invention	\$0	\$0	\$2,080	\$66,600	\$0
2605	PCT - Preliminary Examination (USPTO is ISA)	\$0	\$0	\$600	\$55,040	\$0

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
2606	PCT - Preliminary Examination (USPTO is not ISA)	\$0	\$0	\$750	\$20,000	\$0
2607	Supplemental Examination per Additional Invention	\$0	\$0	\$600	\$320	\$0
2621	Transmitting Application to International Bureau	\$0	\$0	\$240	\$0	\$0
Total PCT Processing Fees (Small Entity)					\$3,208,710	\$0
PCT Processing Fees (Mirco Entity)						
3601	PCT Transmittal Fee	\$0	\$0	\$240	\$129,220	\$0
3602	PCT Search Fee - No Prior US Application	\$0	\$0	\$2,080	\$382,950	\$0
3604	Supplemental Search per Additional Invention	\$0	\$0	\$2,080	\$11,100	\$0
3605	PCT - Preliminary Examination (USPTO is ISA)	\$0	\$0	\$600	\$9,120	\$0
3606	PCT - Preliminary Examination (USPTO is not ISA)	\$0	\$0	\$750	\$3,400	\$0
3607	Supplemental Examination per Additional Invention	\$0	\$0	\$600	\$0	\$0
3621	Transmitting Application to International Bureau	\$0	\$0	\$240	\$0	\$0
Total PCT Processing Fees (Micro Entity)					\$535,790	\$0
Total PCT Processing Fees					\$49,688,320	\$51,112,556
Total PCT Application and Processing Fees					\$167,153,730	\$161,664,444
Other Patent Processing Fees (Large Entity)						
1053	Non-English Specification	\$130	\$130	\$140	\$230,640	\$572,140
1451	Petition to Institute a Public Use Proceeding	\$1,510	\$1,510	\$0	\$12,530	\$1,510
1454	Acceptance of an Unintentionally Delayed Claim for Priority Filing an Application for Patent	\$1,410	\$1,410	\$1,420	\$1,089,300	\$1,062,440
1455	Term Adjustment	\$200	\$200	\$200	\$291,780	\$510,000
1456	Request for Reinstatement of Term Reduced	\$400	\$400	\$400	\$4,140	\$12,800
1457	Extension of Patent Term Initial Application for Interim	\$1,120	\$1,120	\$1,120	\$70,400	\$81,760
1458	Extension Subsequent Application for Interim	\$420	\$420	\$420	\$440	\$840
1459	Extension	\$220	\$220	\$220	\$240	\$660
1462	Petitions to the Director (Group I)	\$400	\$400	\$400	\$1,030,740	\$584,800
1463	Petitions to the Director (Group II)	\$200	\$200	\$200	\$1,354,660	\$992,800
1464	Petitions to the Director (Group III)	\$130	\$130	\$140	\$691,780	\$889,680
1802	Expedited Examination of Design Application	\$900	\$900	\$900	\$186,540	\$361,800
1804	Request for Publication of SIR - Prior to Examiner Action	\$920	\$920	\$0	\$2,880	\$2,760
1805	Request for Publication of SIR - After Examiner Action	\$1,840	\$1,840	\$0	\$1,960	\$7,778
1806	Submission of Information Disclosure Statement	\$180	\$180	\$180	\$18,827,820	\$21,543,660
1807	Processing Fee for Provisional Applications	\$50	\$50	\$50	\$146,340	\$209,050
1811	Certificate of Correction	\$100	\$100	\$100	\$1,179,900	\$1,086,600
1812	Request for Ex Parte Reexamination	\$17,750	\$17,750	\$12,000	\$12,997,560	\$3,711,900

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
1813	Request for Inter Partes Reexamination	\$8,800	\$8,800	\$0	\$0	(\$220,000)
1816	Processing fee for correcting inventorship in a patent Document Fee for Third-Party Submissions	\$130	\$130	\$130	\$0	\$43,030
1818	Petition in Reexamination Proceeding	\$180	\$180	\$180	\$0	\$77,760
1824	Refused Request for Ex Parte Reexamination	\$1,930	\$1,930	\$1,940	\$1,299,540	\$2,153,230
1825	Request for Supplemental Examination	\$4,320	\$4,320	\$3,600	\$0	\$23,760
1826	Reexamination Ordered as a Result of Supplemental Examination	\$5,140	\$5,140	\$4,400	\$6,284,060	\$113,000
1827	Supplemental Examination Document Size Fee (nonpatent document having 21-50 sheets)	\$16,120	\$16,120	\$12,100	\$9,776,860	\$254,020
1828	Supplemental Examination Document Size Fee (nonpatent document each additional 50 sheets or a fraction thereof)	\$170	\$170	\$180	\$18,910	\$3,820
1829	Processing Fee, Except in Provisional Applications	\$280	\$280	\$280	\$2,940	\$840
1830	Status of Maintenance Fee Payment (Uncertified Statement)	\$0	\$0	\$140	\$0	\$318,500
8016	Publication in Official Gazette	\$10	\$10	\$10	\$110	\$0
8022	Retaining Abandoned Application Handling Fee for Incomplete or Improper Application	\$25	\$25	\$25	\$3,440	\$4,650
8025	Suspense Account for Other Patent Processing Fees	\$130	\$0	\$0	\$0	\$0
8026	Request for Inter Partes Review	\$130	\$130	\$130	\$46,620	\$54,340
1815	Patent Unassigned Fees	\$0	\$0	\$0	\$45,000	\$21,580
1999	Derivation Proceeding	\$0	\$0	\$0	\$967,000	\$1,840,545
xxxx	Request for Inter Partes Review				\$12,512,000	\$0
xxxx	Derivation Proceeding				\$20,680	\$0
Total Other Patent Processing Fees (Large Entity)					\$69,096,810	\$36,322,053

Other Patent Processing Fees (Small Entity)

2053	Non-English Specification	\$0	\$0	\$70	\$13,230	\$61,950
2451	Petition to Institute a Public Use Proceeding	\$0	\$0	\$0	\$800	\$0
2454	Acceptance of an Unintentionally Delayed Claim for Priority	\$0	\$0	\$710	\$62,250	\$148,390
2462	Petitions to the Director (Group I)	\$0	\$0	\$200	\$58,590	\$54,600
2463	Petitions to the Director (Group II)	\$0	\$0	\$100	\$78,320	\$23,300
2464	Petitions to the Director (Group III)	\$0	\$0	\$70	\$39,690	\$68,810
2802	Expedited Examination of Design Application	\$0	\$0	\$450	\$11,040	\$12,150
2806	Submission of Information Disclosure Statement	\$0	\$0	\$90	\$1,093,400	\$1,001,610
2812	Request for Ex Partes Reexamination	\$0	\$0	\$6,000	\$666,000	\$300,000
2818	Document Fee for Third-Party Submissions	\$0	\$0	\$90	\$0	\$6,480
2824	Reexamination Petition	\$0	\$0	\$970	\$78,570	\$39,770
2826	Supplemental Examination Request	\$0	\$0	\$2,200	\$379,600	\$17,600
2827	Supplemental Examination Reexamination	\$0	\$0	\$6,050	\$443,850	\$42,350
2828	Supplemental Examination Document Size Fees; 21-50	\$0	\$0	\$90	\$180	\$180

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
2829	Supplemental Examination Document Size Fees; Each Additional 50	\$0	\$0	\$140	\$0	\$0
2830	Processing Fee, Except in Provisional Applications	\$0	\$0	\$70	\$0	\$98,910
Total Other Patent Processing Fees (Small Entity)					\$2,925,520	\$1,876,100

Other Patent Processing Fees (Micro Entity)

3053	Non-English Specification	\$0	\$0	\$35	\$2,205	\$2,555
3451	Petition to Institute a Public Use Proceeding	\$0	\$0	\$0	\$0	\$0
3454	Acceptance of an Unintentionally Delayed Claim for Priority	\$0	\$0	\$355	\$0	\$4,615
3462	Petitions to the Director (Group I)	\$0	\$0	\$100	\$9,765	\$3,300
3463	Petitions to the Director (Group II)	\$0	\$0	\$50	\$14,740	\$650
3464	Petitions to the Director (Group III)	\$0	\$0	\$35	\$6,615	\$2,170
3802	Expedited Examination of Design Application	\$0	\$0	\$225	\$1,680	\$1,800
3806	Submission of Information Disclosure Statement	\$0	\$0	\$45	\$182,250	\$9,090
3812	Request for Ex Partes Reexamination	\$0	\$0	\$3,000	\$111,000	\$6,000
3824	Reexamination Petition	\$0	\$0	\$485	\$13,095	\$0
3826	Supplemental Examination Request	\$0	\$0	\$1,100	\$63,700	\$1,100
3827	Supplemental Examination Reexamination	\$0	\$0	\$3,025	\$24,210	\$3,025
3828	Supplemental Examination Document Size Fees; 21-50	\$0	\$0	\$45	\$0	\$0
3829	Supplemental Examination Document Size Fees; Each Additional 50	\$0	\$0	\$70	\$0	\$0
3830	Processing Fee, Except in Provisional Applications	\$0	\$0	\$35	\$0	\$4,235
Total Other Patent Processing Fees (Micro Entity)					\$429,260	\$38,540
Total Other Patent Processing Fees					\$72,451,590	\$38,236,693

Patent Attorney Enrollment Fees:

9001	Application Fee for Examination Attorney Fee - Registration to Practice or Grant of Limited	\$40	\$40	\$40	\$94,900	\$138,120
9003	Recognition Attorney Fee - Reinstatement to Practice	\$100	\$100	\$100	\$226,880	\$160,300
9004	Attorney Fee - Certificate of Good Standing as an Attorney or Agent	\$100	\$100	\$100	\$2,500	\$13,900
9005	Attorney Fee - Certificate of Standing as an Attorney or Agent, Suitable for Framing	\$10	\$10	\$10	\$5,820	\$2,940
9006	For Test Administration by Commercial Entity	\$20	\$20	\$20	\$330	\$220
9010	For Test Administration by USPTO	\$200	\$200	\$200	\$716,940	\$639,000
9011	Review of Decision by the OED	\$450	\$450	\$450	\$0	\$2,700
9012	Director under 11.2(c)	\$130	\$130	\$130	\$1,640	\$1,560
9013	Review of Decision of the OED Director under 11.2(d)	\$130	\$130	\$130	\$820	\$130
9014	Application Fee for Person Disciplined, Convicted of a Felony or Certain Misdemeanors under	\$1,600	\$1,600	\$1,600	\$21,700	\$16,000

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
	11.7(h)					
9015	Annual Fee for Registered Attorney or Agent, Active Status	\$118	\$118	\$120	\$0	\$0
9016	Annual Fee for Individual Granted Limited Recognition	\$25	\$25	\$25	\$0	\$0
9017	Annual Fee for Registered Attorney or Agent, Voluntary Inactive Status Requesting Restoration to Active Status from Voluntary Inactive Status	\$50	\$50	\$50	\$0	\$0
9018	Status	\$93	\$93	\$100	\$0	\$0
9019	Balance of Annual Fee Due Upon Restoration to Active Status	\$118	\$118	\$120	\$0	\$0
9020	Delinquency	\$50	\$50	\$50	\$0	\$0
9024	Unspecified other services, excluding labor	\$0	\$0	\$0	\$1,287	\$1,623
9025	Attorney Fee - Registration to Practice or Grant of Limited Recognition	\$100	\$100	\$100	\$60,000	\$75,500
	Total Patent Attorney Enrollment Fees				\$1,132,817	\$1,051,993
	Patent Service Fees:					
8001	Printed Copy of Patent without Color	\$3	\$3	\$3	\$481,726	\$370,926
8003	Printed Copy of Plant Patent in Color	\$15	\$15	\$15	\$6,555	\$5,595
8004	Color Copy of Patent (Other than Plant) or SIR with Color Drawing	\$25	\$25	\$25	\$45	\$0
8005	Patent Application Publication	\$3	\$3	\$3	\$6,176	\$9,597
8007	Copy of Patent Application as Filed, if Provided on Paper	\$20	\$20	\$20	\$3,054,520	\$1,981,500
8008	Copy of Patent Related File Wrapper and Paper Contents of 400 or Fewer Pages, if Provided on Paper	\$200	\$200	\$200	\$508,840	\$337,000
8009	Additional Fee for Each Additional 100 Pages or Portion of Patent Related File Wrapper and Contents	\$40	\$40	\$40	\$130,860	\$127,520
8010	Certification of Patent-Related File Wrapper and Paper Contents	\$25	\$25	\$25	\$41,720	\$33,350
8011	Copy of Patent Related File Wrapper and Contents if Provided Electronically other than on a Physical Electronic Medium as Specified	\$55	\$55	\$55	\$197,780	\$173,305
8012	Additional Fee for Each Continuing Physical Electronic Medium in Single Order	\$15	\$15	\$15	\$5,875	\$3,105
8013	Copy of Office Records, Except Copies of Applications as Filed	\$25	\$25	\$25	\$191,620	\$222,250
8014	Assignment Records, Abstract of Title and Certification, per Patent List of US Patents and SIRs in Subclass	\$25	\$25	\$25	\$1,264,730	\$1,074,025
8015		\$3	\$3	\$3	\$0	\$0
8017	Copy of Non-US Document	\$25	\$25	\$25	\$0	\$75
8019	Local Delivery Box Rental, Annually	\$50	\$0	\$0	\$0	\$0
8020	International Type Search Report	\$40	\$40	\$40	\$0	\$0
8021	Recording Each Patent Assignment, Agreement or Other Paper	\$40	\$40	\$40	\$28,108,650	\$30,898,160
8023	Labor Charge for Services	\$40	\$40	\$40	\$175,500	\$122,440

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
8024	Unspecified Other Services, Excluding Labor	\$0	\$0	\$0	\$63,480	\$52,498
8027	Handling Fee for Withdrawal of SIR Copy of Patent Related File Wrapper Contents that were Submitted and are Stored on Compact Disk, or other Electronic Form, other than as available, if Provided electronically other than on a Physical Electronic Medium, per Order	\$130	\$130	\$130	\$0	\$0
8028		\$55	\$0	\$0	\$0	\$0
8029	Pre Grant Publication Drawings Partial Payments Received for Box	\$130	\$0	\$0	\$0	\$0
8030	Pre Grant Publication Drawings	\$130	\$0	\$0	\$0	\$0
8031	Computer Records, At Cost Copy of Patent Related File Wrapper Contents that Were Submitted and Are Stored on Compact Disk or Other Electronic Form, Other Than as Available; First Physical Electronic Medium in a Single Order	\$0	\$0	\$0	\$314,785	\$180,555
8041		\$55	\$55	\$55	\$0	\$0
8042	Additional Fee for Each Continuing Copy of Patent Related File Wrapper Contents as Specified	\$15	\$15	\$15	\$0	\$0
8043	Copy of Patent Related File Wrapper Contents	\$55	\$55	\$55	\$0	\$0
8050	Petitions for Documents in Form Other Than that Provided by this Part, or in a Form Other Than that Generally Provided by Director, to be Decided in Accordance with Merits	\$0	\$0	\$0	\$0	\$0
8901	REPS	\$0	\$0	\$0	\$316,386	\$265,791
8902	Self Service Copy Charge, per Page	\$0	\$0	\$0.25	\$262,223	\$758,585
8904	Annual Library Subscription	\$50	\$50	\$50	\$750	\$2,365
Corporate Fees:						
9101	Processing Each Payment Refused or Charged Back	\$50	\$50	\$50	\$12,540	\$5,844
9201	Establish or Reinstate Deposit Account	\$10	\$10	\$10	\$4,550	\$2,573
9202	Service Charge for Below Minimum Balance on Deposit Accounts	\$25	\$25	\$25	\$90,565	\$90,597
9209	Partial Service Charge for Closing a Deposit Account	\$0	\$0	\$0	\$295	\$2,182
Total Corporate Fees					\$107,950	\$101,196
Total Patent Service Fees					\$35,132,221	\$36,618,642
Total Patent Fees					\$2,686,511,187	\$2,551,534,478
Trademark Processing Fees:						
6001	Application for Registration (Paper Correspondence)	\$375	\$375	\$375	\$2,159,625	\$1,243,125
6002	Amendment to Allege Use (Paper Correspondence)	\$100	\$100	\$100	\$23,000	\$17,100
6003	Statement of Use (Paper Correspondence)	\$100	\$100	\$100	\$191,300	\$148,300
6004	Extension of Time for Filing a Statement of Use (Paper Correspondence)	\$150	\$150	\$150	\$346,050	\$169,500

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
6005	Petitions to the Director (Paper Correspondence)	\$100	\$100	\$100	\$45,200	\$27,800
6006	Division of Applications (Paper Correspondence)	\$100	\$100	\$100	\$7,400	\$11,000
6008	Additional Fee for Failure to Satisfy TEAS Plus Requirements	\$50	\$50	\$50	\$9,350	\$4,450
6201	Application for Renewal (Paper Correspondence)	\$400	\$400	\$400	\$1,240,400	\$956,000
6203	Additional Fee for Renewal Application in Grace Period (Paper Correspondence)	\$100	\$100	\$100	\$23,300	\$18,900
6204	Correcting Deficiency in Renewal Application	\$100	\$100	\$100	\$0	\$300
6205	Filing Affidavit Under Section 8 (Paper Correspondence)	\$100	\$100	\$100	\$503,100	\$496,300
6206	Filing Section 8 Affidavit during Grace Period (Paper Correspondence)	\$100	\$100	\$100	\$55,300	\$44,800
6207	Correcting a Deficiency in a Section 8 Affidavit	\$100	\$100	\$100	\$16,800	\$9,600
6208	Filing Affidavit Under Section 15 (Paper Correspondence)	\$200	\$200	\$200	\$455,800	\$386,600
6210	Publication of Mark Under Section 12c	\$100	\$100	\$100	\$0	\$0
6211	Issuing New Certificate of Registration	\$100	\$100	\$100	\$18,700	\$400
6212	Certificate of Correction, Registrant's Error	\$100	\$100	\$100	\$7,100	\$4,100
6213	Filing Disclaimer to Registration	\$100	\$100	\$100	\$0	\$0
6214	Filing Amendment to Registration	\$100	\$100	\$100	\$31,900	\$9,100
6215	Filing §71 affidavit, per class	\$100	\$100	\$100	\$0	\$10,500
6216	Filing §71 affidavit grace period, per class	\$100	\$100	\$100	\$0	\$1,800
6401	Petition to Cancel (Paper Correspondence)	\$300	\$300	\$300	\$31,200	\$26,700
6402	Notice of Opposition (Paper Correspondence)	\$300	\$300	\$300	\$56,400	\$49,800
6403	Ex Parte Appeal (Paper Correspondence)	\$100	\$100	\$100	\$24,100	\$14,200
6991	Recordal Application Fee	\$20	\$20	\$20	\$0	\$360
6992	Renewal Application Fee	\$20	\$20	\$20	\$0	\$1,120
6993	Late Fee for Renewal Application	\$20	\$20	\$20	\$0	\$40
6994	Application fee for reactivation of insignia, per request	\$20	\$20	\$20	\$0	\$20
6999	Trademark Unassigned Fees	\$0	\$0	\$0	\$0	\$1,723
7001	Application for Registration (Electronic Correspondence)	\$325	\$325	\$325	\$83,501,600	\$84,465,875
7002	Amendment to Allege Use (Electronic Correspondence)	\$100	\$100	\$100	\$744,300	\$760,200
7003	Statement of Use (Electronic Correspondence)	\$100	\$100	\$100	\$9,373,500	\$9,131,900
7004	Extension of Time for Filing a Statement of Use (Electronic Correspondence)	\$150	\$150	\$150	\$34,254,150	\$31,793,400
7005	Petitions to the Director (Electronic Correspondence)	\$100	\$100	\$100	\$2,217,100	\$1,941,800
7006	Division of Applications (Electronic Correspondence)	\$100	\$100	\$100	\$238,300	\$286,900
7007	TEAS Plus	\$275	\$275	\$275	\$38,982,350	\$38,592,675
7008	Additional Fee for Failure to Satisfy TEAS Plus Requirements	\$50	\$50	\$50	\$146,550	\$127,000
7201	Application for Renewal (Electronic Correspondence)	\$400	\$400	\$400	\$29,773,600	\$29,507,600

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
7203	Additional Fee for Renewal Application in Grace Period (Electronic Correspondence)	\$100	\$100	\$100	\$752,100	\$847,900
7204	Correcting Deficiency in Renewal Application	\$100	\$100	\$100	\$0	\$500
7205	Filing Affidavit Under Section 8 (Electronic Correspondence)	\$100	\$100	\$100	\$16,267,700	\$16,805,100
7206	Filing Section 8 Affidavit during Grace Period (Electronic Correspondence)	\$100	\$100	\$100	\$1,789,500	\$1,787,900
7207	Correcting a deficiency in a §8 affidavit	\$100	\$100	\$100	\$63,200	\$89,400
7208	Filing Affidavit Under Section 15 (Electronic Correspondence)	\$200	\$200	\$200	\$14,740,400	\$16,507,400
7210	Publication of Mark Under Section 12c	\$100	\$100	\$100	\$0	\$0
7211	Issuing New Certificate of Registration	\$100	\$100	\$100	\$0	\$100
7212	Certificate of Correction, Registrant's Error	\$100	\$100	\$100	\$350,000	\$386,300
7213	Filing Disclaimer to Registration	\$100	\$100	\$100	\$0	\$0
7214	Filing amendment to registration	\$100	\$100	\$100	\$8,000	\$4,500
7215	Filing §71 affidavit, per class	\$100	\$100	\$100	\$0	\$0
7216	Filing §71 affidavit grace period, per class	\$100	\$100	\$100	\$0	\$0
7401	Petition to Cancel (Electronic Correspondence)	\$300	\$300	\$300	\$747,000	\$706,200
7402	Notice of Opposition (Electronic Correspondence)	\$300	\$300	\$300	\$2,758,200	\$2,298,600
7403	Ex Parte Appeal (Electronic Correspondence)	\$100	\$100	\$100	\$578,500	\$365,800
6999	Trademark Unassigned Fees				\$1,000,000	\$0
Total Trademark Processing Fees					\$243,532,075	\$240,060,688

Trademark Madrid Protocol Fees:

6901	Certifying an International Application - Single Application (Paper Correspondence)	\$100	\$100	\$100	\$4,600	\$3,700
6902	Certifying an International Application - More than One Application (Paper Correspondence)	\$150	\$150	\$150	\$0	\$1,350
6903	Transmitting a Request to Record an Assignment or Restriction (Paper Correspondence)	\$100	\$100	\$100	\$0	\$400
6904	Filing a Notice of Replacement (Paper Correspondence)	\$100	\$100	\$100	\$0	\$0
6905	Filing an Affidavit Under 71 of the Act (Paper Correspondence)	\$100	\$100	\$100	\$0	\$200
6906	Surcharge for Filing an Affidavit Under 71 During Grace Period (Paper Correspondence)	\$100	\$100	\$100	\$0	\$0
6907	Transmitting a Subsequent Designation (Paper Correspondence)	\$100	\$100	\$100	\$100	\$100
6908	Correcting a deficiency in an affidavit under 71 of the Act	\$100	\$100	\$100	\$0	\$0
7901	Certifying an International Application - Single Application (Electronic Correspondence)	\$100	\$100	\$100	\$766,200	\$779,800
7902	Certifying an International Application - More than One Application (Electronic Correspondence)	\$150	\$150	\$150	\$208,050	\$223,200

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
7903	Transmitting a Request to Record an Assignment or Restriction (Electronic Correspondence)	\$100	\$100	\$100	\$0	\$1,000
7904	Filing a Notice of Replacement (Electronic Correspondence)	\$100	\$100	\$100	\$0	\$2,500
7905	Filing an Affidavit Under 71 of the Act (Electronic Correspondence)	\$100	\$100	\$100	\$0	\$674,400
7906	Surcharge for Filing an Affidavit Under 71 During Grace Period (Electronic Correspondence)	\$100	\$100	\$100	\$0	\$103,800
7907	Transmitting a Subsequent Designation (Electronic Correspondence)	\$100	\$100	\$100	\$98,300	\$110,300
7908	Correcting a deficiency in an affidavit under 71 of the Act	\$100	\$100	\$100	\$0	\$100
7931	Application Fee Filed at WIPO	\$325	\$325	\$325	\$11,517,350	\$13,266,825
7932	Renewal Fee Filed at WIPO	\$400	\$400	\$400	\$432,800	\$608,000
7933	Subsequent Designation Fee Filed at WIPO	\$325	\$325	\$325	\$1,007,825	\$961,025
9990	International Bureau Unassigned Fees	\$0	\$0	\$0	\$1,821,701	\$2,958
Total Trademark Madrid Protocol Fees					\$15,856,926	\$16,739,658

Trademark Service Fees:

8501	Printed Copy of Registered Mark	\$3	\$3	\$3	\$42	\$267
8503	Certified Copy of Registered Mark, with Title and/or Status	\$15	\$15	\$15	\$117,945	\$131,220
8504	Certified Copy of Registered Mark, with Title and/or Status (Expedited)	\$30	\$30	\$30	\$64,380	\$83,730
8507	Certified Copy of Trademark Application as Filed	\$15	\$15	\$15	\$447,030	\$383,445
8508	Copy of Trademark File Wrapper and Contents (Certified or Uncertified)	\$50	\$50	\$50	\$22,550	\$47,500
8513	Copy of Trademark Document (Certified or Uncertified)	\$25	\$25	\$25	\$22,075	\$10,900
8514	Assignment Records, Abstracts of Title and Certification per Registration	\$25	\$25	\$25	\$34,050	\$20,675
8521	Recording Trademark Assignment, Agreement or Other Paper	\$40	\$40	\$40	\$1,431,880	\$1,365,800
8522	For Second and Subsequent Marks in the Same Document	\$25	\$25	\$25	\$5,123,175	\$4,761,000
8523	Labor Charge for Services	\$40	\$40	\$40	\$49,000	\$15,760
8524	Unspecified Other Trademark Services, Excluding Labor	\$0	\$0	\$0	\$2,960	\$575
8531	Trademark Computer Records	\$0	\$0	\$0	\$3,535	\$0
8532	Unassigned Trademark Service Fees	\$0	\$0	\$0	\$0	\$170
8901	REPS	\$0	\$0	\$0	\$3,697	\$4,353
8902	Self Service Copy Charge, per Page	\$0	\$0	\$0.25	\$3,541	\$12,424
8904	Annual Library Subscription	\$50	\$50	\$50	\$1,650	\$1,735
Total Trademark Service Fees					\$7,327,510	\$6,839,554

Corporate Fees:

9101	Processing Each Payment Refused or Charged Back	\$50	\$50	\$50	\$1,250	\$606
9201	Establish or Reinstate Deposit Account	\$10	\$10	\$10	\$300	\$267

<u>Fee Code</u>	<u>Fee Title</u>	<u>10/1/2012 Fee Rates</u>	<u>10/5/2012 Fee Rates</u>	<u>3/19/2013 Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
9202	Service Charge for Below Minimum Balance on Deposit Accounts	\$25	\$25	\$25	\$11,750	\$9,403
9209	Partial service charge for closing a deposit account	\$0	\$0	\$0	\$0	\$226
Total Corporate Fees					\$13,300	\$10,503
Total Trademark Fees					\$266,729,811	\$263,650,403
Total United States Patent and Trademark Office Fees					\$2,953,240,998	\$2,815,184,880

*This report does not include the non electronic filing fee surcharge

APPENDIX VI

GLOSSARY OF ACRONYMS AND ABBREVIATION LIST

Acronym	Definition
ABI	Activity Based Information
AIA	America Invents Act
APJs	Administrative Patent Judges
BA	Business Architecture
BC/BDR	Business Continuity and Disaster Recovery
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
DOC	Department of Commerce
EO	Executive Order
FAOM	First Action on the Merits
FPNG	Fee Processing Next Generation
FTE	Full-Time Equivalent
GIPA	Global Intellectual Property Academy
GSA	General Services Administration
IP	Intellectual Property
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
OPIA	Office of Policy and International Affairs
OPM	Office of Personnel Management
OPQA	Office of Patent Quality Assurance
OTQRT	Office of Trademark Quality Review and Training
PALM	Patent Application Location Monitory
PCT	Patent Cooperation Treaty

Acronym	Definition
PE2E	Patents End-to-End
PPAC	Patent Public Advisory Committee
PPH	Patent Prosecution Highway
PRPS	Patent Review Processing System
PTAB	Patent Trial and Appeal Board
RCE	Request for Continued Examination
RGDP	Real Gross Domestic Product
SMEs	Small and Medium Sized Enterprises
SO	Office of the Solicitor
TEAS	Trademark Electronic Application System
TMNG	Trademark Next Generation
TPAC	Trademark Public Advisory Committee
TRAM	Trademark Reporting and Monitoring
TSDR	Trademark Status and Data Retrieval
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
WIPO	World Intellectual Property Organization
WTO	World Trade Organization
XML	eXtensible Markup Language