

United States Patent and Trademark Office



USPTO

Fiscal Year 2016

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

**FISCAL YEAR 2016 PRESIDENT'S BUDGET:
The USPTO Congressional Budget Justification**

February 2, 2015

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**UNITED STATES PATENT AND TRADEMARK OFFICE
FISCAL YEAR 2016 PRESIDENT’S BUDGET:
The USPTO Congressional Budget Justification
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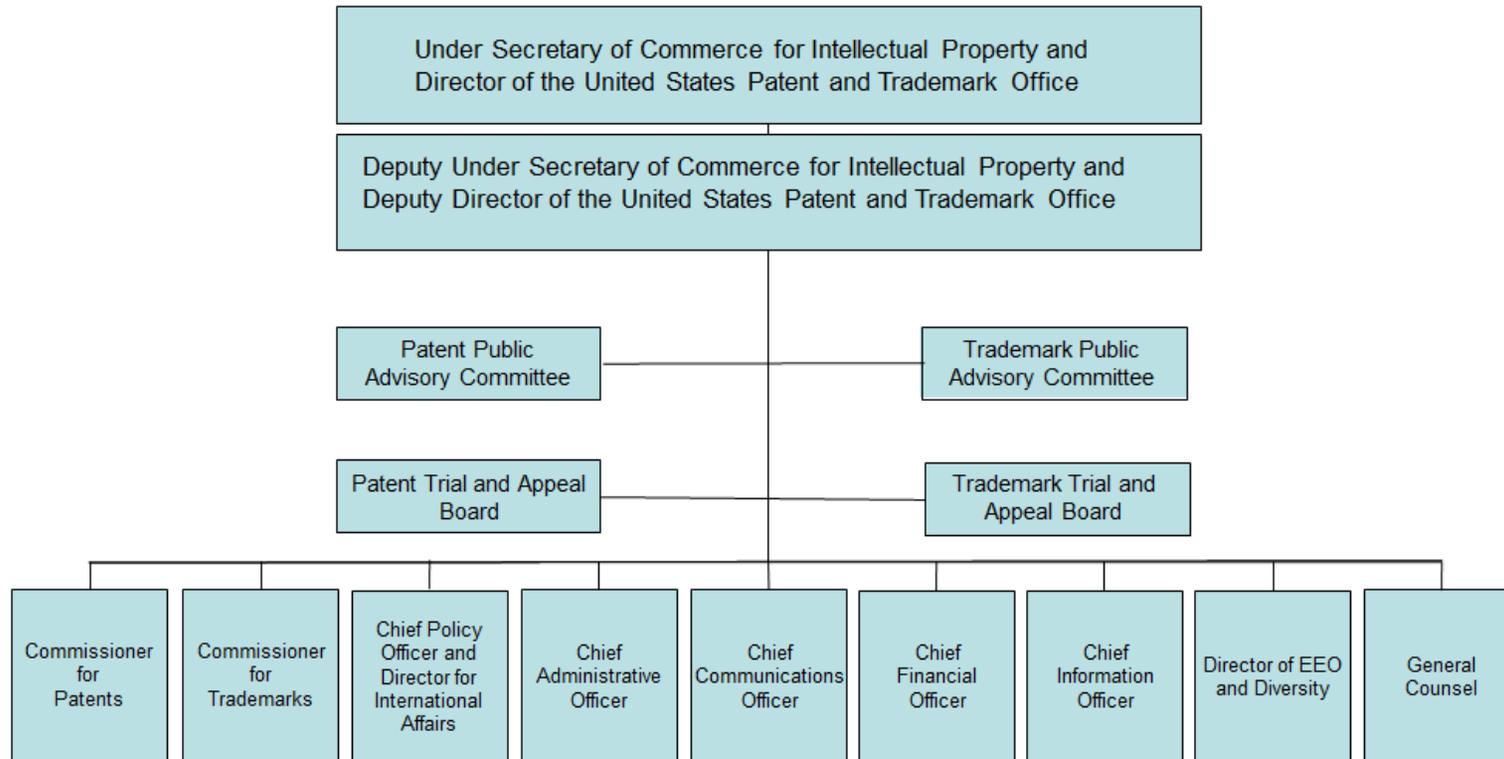
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INTRODUCTION

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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 fiscal year (FY) 2016, the USPTO is expected to employ approximately 13,500 federal employees including patent examiners, trademark examining attorneys, computer scientists, attorneys, and administrative staff. Employee engagement, which helps facilitate the recruitment and retention of a highly qualified workforce, is a core component of the Office's business strategy. The USPTO was ranked #2 out of 314 agency subcomponents in the 2014 Best Places to Work in the Federal Government[®] report of the non-profit Partnership for Public Service.

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

The USPTO is headquartered in Alexandria, Virginia. In FY 2012, the USPTO opened a satellite office in Detroit, Michigan, and identified three other sites – Denver, Colorado; Silicon Valley (San José), California; and Dallas, Texas -- where the USPTO has been operating from temporary spaces. The permanent Denver satellite office opened in June 2014, the Silicon Valley office is on track to open in the spring of 2015, and the Dallas satellite office is scheduled to open in the fall of 2015. In addition, the USPTO has two storage facilities located in Virginia and Pennsylvania.

The USPTO's legislative authorities are included in Exhibit 32 (page 123).

Exhibit 3 – Executive Summary

With full access to its fee collections to offset its funding requirements, the USPTO’s FY 2016 net appropriation would be \$0.

For FY 2016, the USPTO requests the authority to spend fee collections of \$3,207 million, which along with \$28 million from other income and \$266 million from the Operating Reserve balance will fund operating requirements of \$3,501 million and 13,314 full-time equivalents (FTE), as shown in the following table.

USPTO Total Budget Requirements

	FY 2014	FY 2015	FY 2016
Total Requirements	\$2,999	\$3,333	\$3,501
Less: Offsetting Fee Collections	(\$3,172)	(\$3,142)	(\$3,207)
Less: Other income	(\$36)	(\$28)	(\$28)
To (+) / From (-) Operating Reserve	\$209	(\$163)	(\$266)
Net Appropriation	\$0	\$0	\$0
FTE	11,894	12,920	13,314

Change to Long-Term Projections

The USPTO is a dynamic organization that is constantly adapting and responding to the ever-changing environment in which we operate. This Budget reflects this agility. The long-term picture presented here differs from what was presented in our FY 2015 Budget, which projected a rapidly-growing patent operating reserve—to levels that would quickly exceed what we considered to be optimal – and a continuation of an optimal trademark operating reserve. Due to reasons described below, the FY 2016 President’s Budget reflects considerably lower patent and trademark operating reserve balances than shown in the FY 2015 President’s Budget.

At the end of FY 2014 and into the beginning of FY 2015 we began seeing signs of lower-than-planned growth in patent application filings. A combination of factors is likely contributing to this slower growth rate, including the global economy and international filings, recent judicial rulings, and process changes. This slower growth rate has been applied to out-year patent workload projections, resulting in a \$1.2 billion reduction in projected patent fee collections for the period 2014-2019. This reduced growth rate also caused us to lower our patent examiner hiring estimates. Trademark workloads and fee collections are expected to continue to show increases over the same period even with a fee reduction that was recently implemented.

On the spending side of our ledger, we have revalidated our budgetary requirements for FY 2015 and beyond. Prior to FY 2014, the USPTO spent a number of years operating at funding levels that were either uncertain or less than necessary to fully carry out our operating requirements, resulting in pent-up demand for improvement initiatives throughout the Office. During FY 2014, we began to reassess priorities and activities in order to meet these unfulfilled needs. We recognized the concern being articulated by stakeholders for the USPTO to more aggressively pursue delivery of information technology (IT) solutions.

In preparation for the FY 2016 Budget, the Office conducted a comprehensive examination of all IT projects, and solidified the schedules and deliverables needed to continue delivering systems in support of our mission, which resulted in an increase in our patent and trademark IT investments over multiple years. A major portion of the \$0.5 billion increase in patent budgetary resources over the period 2014-2019 that you will see is due to increased investment in IT, primarily Patent-End-to-End (PE2E), infrastructure, and maintenance of legacy systems. Costs for cross-cutting services, such as satellite offices, security, etc. have essentially been offset by reducing the number of patent examiner hires, consistent with the reduced estimates of incoming workload.

The USPTO carefully analyzed the risks associated with increasing budgetary requirements while anticipating a reduction in projected fee collections. We concluded that the best course of action was to continue with increased investment in IT by withdrawing funds from the patent and trademark operating reserves and then rebuilding the operating reserve balances over the course of the next several years. As a result, the FY 2016 Budget has been modified from the FY 2015 President's Budget to reflect, over the period 2014-2019, a \$0.5 billion increase in patent budgetary requirements, a \$1.2 billion reduction in patent fee collections, resulting in a cumulative \$1.7 billion reduction to the patent operating reserve balance in 2019. The FY 2016 Budget reflects an increase of \$85 million in trademark budgetary requirements, an increase in fee collections of \$28 million and a cumulative reduction in the trademark operating reserve balance of \$173 million over the 2014–2019 period.

The USPTO leadership team is aware of the potential risk associated with maintaining the Patent operating reserve that is below our optimal target of three-months and the Trademark operating reserve that is below the optimal target of four to six months of budgetary resources. We will continue to monitor the Office's financial position and be prepared to enact risk mitigation measures as needed. The decision to move forward with smart, scalable growth reinforces our commitment to sound business and financial practices. Our ultimate commitment to fee payers and the public is to make these decisions with a focus on organizational effectiveness, cost-consciousness, and improved service and accountability.

Highlights

At the FY 2016 funding level, the Office will continue implementing its *2014-2018 Strategic Plan*, which highlights the following priorities:

- Enhance patent and trademark quality by maintaining and improving quality measurement, and maximizing its usage to improve the quality of patent and trademark examination. In patents, begin a renewed and enhanced focus on quality which centers on excellence in prosecution products and services, and customer service, as well as measurement.
- 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.
- 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 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.
- Continue implementing White House Executive Actions to improve the environment for future innovation.

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FY 2016 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. In doing this, the Office relies heavily on global and domestic economic activity, as well as policies and legislation, process efficiencies, and applicant behavior in forecasting workload and fee collections. These in turn affect production models that are produced by major business units, such as Patents and Trademarks. Further details about this process are included in Appendix I.

The Budget and Performance at a Glance (BPAG) Chart that follows reflects the USPTO's multi-year planning activities; i.e., that current budget planning must take into consideration prior year actual circumstances and anticipated future year actions. Sequestration and uncertainty over the implementation of a new patent fee schedule affected operations in FY 2013, which necessitated adjustments to budget plans for both FY 2014 and FY 2015. In FY 2014 while the majority of the Federal Government shut down as a result of a lapse in appropriation, the USPTO was able to sustain operations because of its patent and trademark operating reserves, as well as organization-wide actions to limit the burn rates of variable expenses (primarily some IT improvements) in order to focus on maintaining operations and continue making progress toward accomplishment of strategic goals and objectives.

As noted above, the FY 2016 and outyear estimates on the BPAG Chart build off of the FY 2015 Current Plan estimates that reflect a slower patent application filing growth rate and increased investment in IT. In response to stakeholders, including the FY 2015 House Appropriations Report¹ language expressing concerns about the fragile state of USPTO's IT infrastructure in light of a growing operating reserve, the USPTO's IT planning process comprehensively examined all projects and solidified the deliverables and schedules needed to continue improving the IT infrastructure and specific systems directly supporting the USPTO mission. This resulted in updated deliverables, as shown in the IT Portfolio (pages 21-27).

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 summarizes the USPTO's FY 2016 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 2016 and the out years, along with the projected fee collections and deposits to the operating reserves.

¹ House Commerce, Justice, Science, and Related Agencies Appropriations Bill, 2015 Report (HR 4660)

USPTO FY 2016 Budget and Performance-at-a-Glance

<i>(Dollars in thousands)</i>	FY 2014**	FY 2015 President's Budget	FY 2015 Current Plan	FY 2016 President's Budget	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate	FY 2020 Estimate
USPTO GOAL 1: OPTIMIZE PATENT QUALITY AND TIMELINESS								
Amount	2,685,191	2,850,075	2,969,569	3,130,701	3,059,340	3,121,438	3,187,084	3,271,624
Full Time Equivalent (FTE)	10,874	12,029	11,768	12,063	12,017	11,953	11,983	12,096
Utility, Plant and Reissue (UPR) Applications Filed	582,203	639,300	599,700	620,700	645,500	674,500	708,300	743,700
UPR Applications Filed – Percent Change Over Previous FY	2.8%	6.00%	3.0%	3.5%	4.0%	4.5%	5.0%	5.0%
Average First Action Pendency/UPR (Months)	18.4	15.7	16.4	14.9	13.0	11.5	10.7	10.5
Average Total Pendency/UPR (Months)	27.4	26.4	27.7	24.4	22.8	21.2	19.8	19.2
Patent Quality Composite Score	75.0	100	83-91	100	100	100	100	100
UPR Examiners On-Board at End-of-Year	8,466	9,013	8,504	8,418	8,242	8,208	8,221	8,325
UPR First Actions	578,411	694,700	667,200	682,800	682,200	690,800	697,300	705,700
UPR Disposals	599,807	654,600	628,800	656,400	682,200	690,800	697,300	705,700
UPR Units of Production	594,046	674,600	648,000	669,600	682,200	690,800	697,300	705,700
Total Cost Per Patent Production Unit	\$4,575	\$4,294	\$4,646	\$4,742	\$4,549	\$4,582	\$4,634	\$4,700
UPR Issues	306,500	312,500	306,500	319,000	329,100	332,200	331,300	330,300
UPR Unexamined Patent Application Backlog	605,646	534,900	535,500	464,900	415,600	386,100	383,100	406,400
Forward Looking First Action Pendency/UPR (Months)	15.1	12.3	13.0	11.4	10.2	9.5	9.5	10.1
USPTO GOAL 2: OPTIMIZE TRADEMARK QUALITY AND TIMELINESS								
Amount	262,802	274,134	298,715	300,814	296,958	303,190	309,472	318,364
FTE	888	990	987	1,061	1,113	1,158	1,208	1,256
Applications Received (Includes Extra Classes)	455,017	481,000	483,000	516,000	558,000	601,000	647,000	689,000
Applications Received - Percent Change Over Previous Year	4.5%	5.7%	6.1%	6.8%	8.1%	7.7%	7.7%	6.5%
Exceptional Office Action rate	43.0%	30.0%	36.0%	37.0%	38.0%	39.0%	40.0%	41.0%
First Action Compliance Rate	95.8%	95.5%	95.5%	95.5%	95.5%	95.5%	95.5%	95.5%
Final Compliance Rate	97.2%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%
Average First Action Pendency (Months)	3	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	9.8	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Balanced Disposals	909,604	964,400	967,400	1,032,000	1,112,900	1,199,800	1,291,700	1,379,000
Office Disposals	429,869	474,300	475,800	507,900	548,100	590,700	635,900	678,500
Total Cost Per Trademark Disposal	\$651	\$620	\$673	\$638	\$583	\$552	\$523	\$504
Examining Attorneys On-Board at End-of-Year	429	452	459	496	532	568	613	644

<i>(Dollars in thousands)</i>	FY 2014**	FY 2015 President's Budget	FY 2015 Current Plan	FY 2016 President's Budget	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate	FY 2020 Estimate
USPTO GOAL 3: PROVIDE DOMESTIC AND GLOBAL LEADERSHIP TO IMPROVE INTELLECTUAL PROPERTY POLICY, PROTECTION AND ENFORCEMENT WORLDWIDE								
Amount	49,464	66,689	62,546	67,374	66,161	66,938	67,659	68,401
FTE	131	184	165	190	190	190	190	190
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%
Number of foreign officials trained on best practices to protect and enforce IP	4,960	N/A	6,300	6,500	6,700	6,900	7,100	7,300
Amounts not Supporting Goals*	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
USPTO Requirements	2,999,457	3,192,898	3,332,830	3,501,048	3,424,620	3,493,730	3,566,382	3,660,557
FTE	11,894	13,203	12,920	13,314	13,319	13,301	13,381	13,542
Fee Collections	3,172,236	3,441,458	3,142,115	3,206,672	3,284,930	3,563,755	3,661,370	3,863,980
Other Income/Recoveries	35,887	21,800	27,800	27,800	27,800	27,800	27,800	27,800
Funding to(-) / from(+) Operating Reserve	(208,666)	(270,360)	162,915	266,576	111,890	(97,825)	(122,788)	(231,223)
TOTAL FUNDING	2,999,457	3,192,898	3,332,830	3,501,048	3,424,620	3,493,730	3,566,382	3,660,557
Operating Reserve: Patents	493,711	950,851	372,674	142,106	44,775	137,196	246,606	454,854
Operating Reserve: Trademarks	157,246	119,480	115,367	79,359	64,800	70,204	83,582	106,557

* Amounts transferred to the Department of Commerce Office of the Inspector General (OIG)

** In FY 2014, \$148 million was deposited in the Patent and Trademark Fee Reserve Fund (PTFRF) where all patent and trademark fees collected in excess of the USPTO's annual appropriation are deposited. USPTO has received access to the \$148 million and the amounts shown above include the availability of these funds.

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

FY 2016 Planning/Budget Priorities

The FY 2016 Budget requirements and performance shown in the BPAG Chart above reflect the significant progress the USPTO has made since the beginning of this decade. This progress is linked to successful implementation of both the *USPTO 2010-2015 Strategic Plan*, and the *Leahy-Smith America Invents Act (AIA)*. Continuation of this progress is the message in the *USPTO 2014-2018 Strategic Plan*² that was made publicly available in March 2014, and which focuses on the following priorities:

Quality

Quality continues to be a priority throughout the organization. The FY 2016 Patent budget reflects the beginning of a renewed and enhanced focus on patent quality which centers on three core elements: excellence in prosecution products and services; excellence in customer service; and excellence in measurement of quality. This is in addition to the existing quality initiatives, including implementation of the White House Executive Actions on high-tech patent issues.

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

Timeliness

The FY 2016 Budget shows continued progress in optimizing the timely examination of patent and trademark applications. In Patents, the budget plans show continued progress toward achieving an optimal working level inventory of unexamined patent applications in FY 2018, and performance targets of 10 months for first action pendency and 20 months for total pendency in FY 2019. Between the start of FY 2010 and the beginning of FY 2015, the Patent business achieved a 15.7 percent reduction in the unexamined patent application backlog, a 7.4 month reduction in first office action pendency and a 7.2 month reduction in average total pendency.

The Trademark organization continues to meet and exceed its pendency targets for first action and final disposition. First action pendency has been consistently maintained between 2.5 and 3.5 months despite monthly variability in new application filings. With final pendency currently running at less than 10 months, a trademark is registered or an 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.

Global IP Policy Protection & Enforcement

The USPTO is responsible for advising the President, through the Secretary of Commerce, and Federal agencies on national and international IP policy issues, including IP protection in other countries. In this way, the USPTO drives the development of domestic and international IP policy, recognizing that each informs the other. The USPTO develops and advances U.S. IP policy abroad to influence development of foreign IP systems, the goal being the

² Located at <http://www.uspto.gov/about/stratplan/index.jsp>

harmonization of IP systems so that American inventors and businesses can enjoy a predictable and level playing field when they do business worldwide. At the same time, best practices from foreign governments and industries can be used to assist the USPTO in developing U.S. policy.

With the enactment and implementation of the AIA, the USPTO is now able to pursue a 21st century globally harmonized patent system. The USPTO leads in realizing a vision of an IP world in which national and regional patent systems are coordinated to create an optimal environment for technological innovation and diffusion. U.S. patent reform has set the scene for further harmonization to simplify the process of seeking international patent protection, reduce the 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.

Information Technology

IT is a mission-critical facilitator for every USPTO business function. The quality and efficiency of USPTO operations is directly correlated to the performance of the Office's IT systems. In addition, because patent and trademark applicants target the important U.S. market for IP protection, the 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 puts considerable strain on the IT infrastructure, which can jeopardize the USPTO's ability to provide timely and quality patents and trademark registrations.

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

Of particular significance is completing the delivery of new Trademark Next Generation (TMNG) IT system examining attorney capabilities, and the deployment of the first corps-wide Patent End-to-End (PE2E) IT capability to all patent examiners. The subsequent benefits of TMNG and PE2E through improved quality and customer service, and the potential retirement of legacy systems will begin to materialize in FY 2016 and the out years.

Stakeholder and Public Outreach

A major enhancement to the USPTO's stakeholder and public outreach has been the establishment of satellite offices in four regions of the country. Since the opening of the first office in Detroit in July 2012, the USPTO has successfully increased and expanded outreach activities to various local IP stakeholders, including independent inventors, business communities, universities, and other government offices in all four regions. These locations are also helping with recruitment and retention of critical staff via the USPTO's Nationwide Workforce Program.

Outreach efforts, which support enhanced quality, have focused on educational events, such as partnerships and roundtables on various IP topics. These include the expanded outreach to stakeholders and trademark owners via educational events in conjunction with the International Trademark Association (INTA); programs on IP rights for American businesses; roadshows for

U.S. small and medium sized enterprises; and public outreach events on AIA Trials to share PTAB's progress and experiences, while seeking input on improvements.

Executive Actions

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

The costs in FY 2014 and FY 2015, estimated to be \$5.7 million and \$9.7 million respectively were funded out of base resources. Planned funding in FY 2016 of approximately \$9.2 million is comprised of base resources and new initiatives. In FY 2016, funding is required to implement Action #5 to crowdsource prior art, and Action #6 to provide more robust technical training to examiners in the area of high-tech patent issues.

Operational Excellence

Sustainable funding is a required foundation for achieving operational excellence. Sustainable funding enables the Office to manage fluctuations in revenues while sustaining operations on a multi-year basis with fee setting authority, including the establishment of the patent and trademark operating reserves, and the Patent and Trademark Fee Reserve Fund (PTFRF).

The USPTO's national expansion via the establishment of satellite offices and the telework program increases the importance of managing a large and dispersed work force. The USPTO has diligently implemented additional controls, policies, procedures, and training to strengthen its telework program, and we will continue to take further steps to ensure the integrity of the program.

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

The USPTO was ranked #2 out of 314 agency subcomponents in the 2014 Best Places to Work in the Federal Government[®] report of the non-profit Partnership for Public Service, with a score that increased over the last year's score, and that was the USPTO's highest score in 14 years.

Patent and Trademark Businesses: Five-Year Horizon

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

Patent Business: Five-Year Horizon

As Figure #1 demonstrates, the USPTO projects that its patent workload will continue to increase each year over the next five years at the three to five percent range, slightly lower than projected in the FY 2015 President’s Budget. In FY 2015, the USPTO begins scaling down staffing efforts by hiring 450 patent examiners, less than the 1,000 projected in the FY 2015 President’s Budget. In FY 2016 and beyond, the USPTO will continue scaling down hiring efforts and focus primarily on replacing attritions to maintain an optimal examination capacity and working level inventory.

Figure #1

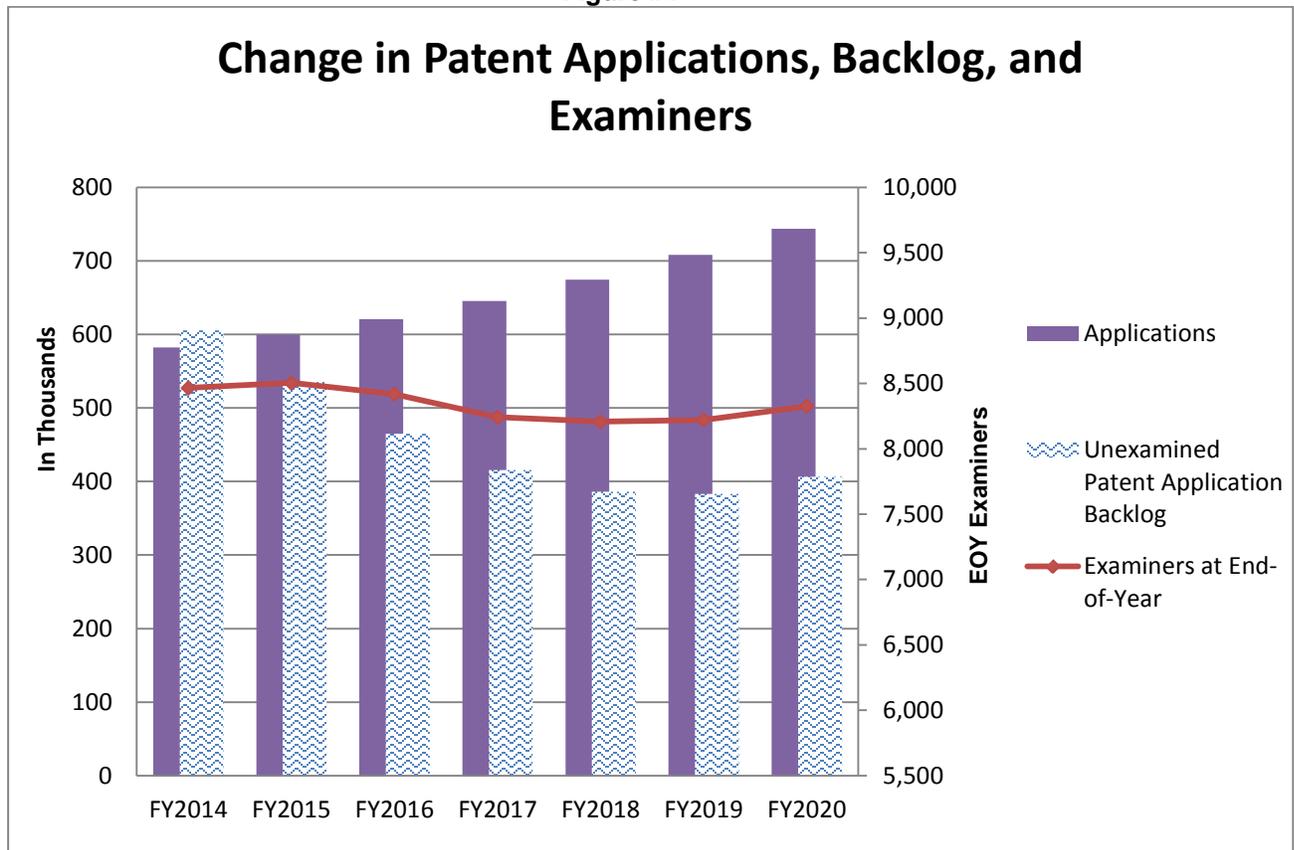


Figure #1 (Continued)

Utility, Plant and Reissue	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Applications	582,203	599,700	620,700	645,500	674,500	708,300	743,700
Growth Rate	2.8%	3.0%	3.5%	4.0%	4.5%	5.0%	5.0%
Production Units	594,046	648,000	669,600	682,200	690,800	697,300	705,700
Unexamined Patent Application Backlog	605,646	535,500	464,900	415,600	386,100	383,100	406,400
Ideal Backlog (10 months of apps)	301,528	390,600	403,200	401,200	402,800	401,400	399,600
Performance Measures							
Forward Looking First Action Pendency (Months)	15.1	13.0	11.4	10.2	9.5	9.5	10.1
Avg. First Action Pendency (Months)	18.4	16.4	14.9	13.0	11.5	10.7	10.5
Avg. Total Pendency (Months)	27.4	27.7	24.4	22.8	21.2	19.8	19.2
Examiners at End-of-Year	8,466	8,504	8,418	8,242	8,208	8,221	8,325

To achieve the performance commitments shown in the BPAG Chart on pages 10-11, the USPTO has developed its budgetary requirements, projected its patent fee collections, and identified an appropriate operating reserve target that ideally would be equal to about three months of operating expenses. See Figure #2 and related discussion below.

**Figure #2
Patent Budgetary Resources vs. Budgetary Requirements**

	(Dollars in Millions)						
	FY 2014**	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Projected Fee Collections							
Low Fee Estimate*	2,926	2,731	2,729	2,747	2,919	2,911	3,025
Working Fee Estimate*	2,926	2,892	2,946	3,007	3,260	3,343	3,527
High Fee Estimate*	2,926	3,013	3,105	3,196	3,514	3,670	3,907
Budgetary Requirements***	2,720	3,013	3,177	3,105	3,167	3,233	3,319
Funding To (+) and From (-) the Operating Reserve							
Low Fee Estimate	207	(282)	(448)	(358)	(248)	(322)	(293)
Working Fee Estimate	207	(121)	(231)	(97)	92	109	208
High Fee Estimate	207	1	(72)	91	347	437	588
Operating Reserve Balance							
Working Fee Estimate Ending Balance	494	373	142	45	137	247	455

*All of the above fee estimates include approximately \$23-\$30 million in other income; such as income from reimbursable agreements and recoveries.

** FY 2014 fee collections and the operating reserve balance include \$128.5 million in patent fees that were transferred to the PTFRF.

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

Note: A report showing the Patent and Trademark Split per Two Way Business Line for FY 2014 through FY 2020 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 2015 and FY 2016), 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 2017 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. As such, 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 10.8 percent in FY 2015 over FY 2014, and then slow to 5.4 percent in FY 2016 and a decrease of 2.3 percent in FY 2017. Growth at an annual rate of 2.0-2.7 percent is projected to resume in FY 2018 through FY 2020. Budget growth primarily reflects investments in IT and Patent Examining Corps production capacity and quality.

Patent Operating Reserve. The USPTO plans to gradually build a patent operating reserve that ideally would equal about three months of operating expenses (budgetary requirements). The improved patent fee structure that was implemented March 2013 and January 2014 provides the USPTO with the resources necessary to execute on the performance goals and plans, and build and maintain a patent operating reserve.

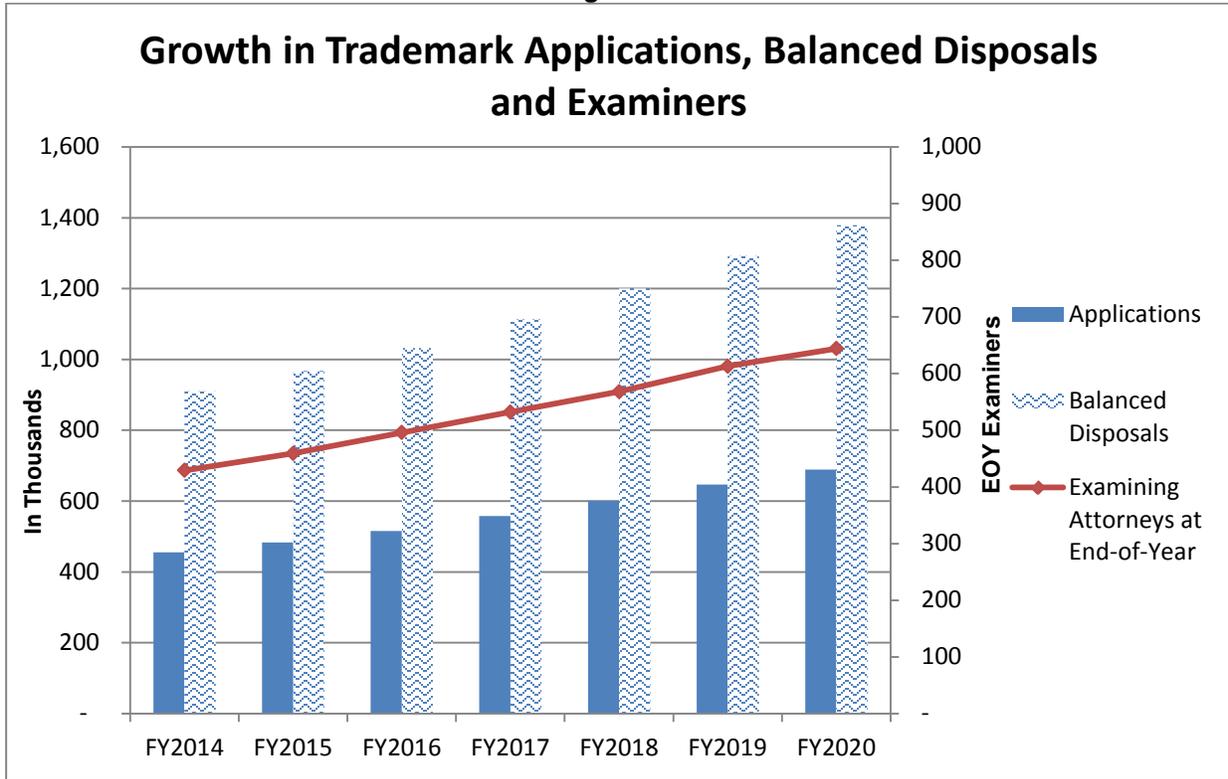
The FY 2016 President's Budget is showing an overall lower level of patent operating reserve balance than shown in the FY 2015 President's Budget. This is a result of lower projected fee collections primarily due to a reduction in patent application growth rate estimates; and the USPTO's response to Congressional and stakeholders' calls for the Office to accelerate the pace of IT investment. The patent operating reserve will initially decline and then grow at a much slower rate than projected in the FY 2015 President's Budget.

Biennial Fee Review. The USPTO has initiated its biennial fee review. Any fee structure adjustments would be accomplished through regulatory actions and would be reflected in future President's Budgets.

Trademark Business: Five-Year Horizon.

The Trademark organization has committed to maintaining an average first action pendency of 2.5 to 3.5 months and an average final total pendency of 12 months or less. As shown in Figure #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). Since the recession of 2009, the U.S. economy has been on a slow recovery that has proven to be resilient in the face of persistent economic malaise in Europe, the Middle East and North Africa. The Budget assumes that the economic recovery will be sustained and, within the next few years, will increase to reach its full potential, which will boost trademark filings to the projected average annual growth rate of nearly six to eight percent. Given this continued growth in applications, the Trademark organization will need to continue increasing its trademark attorney staffing levels to maintain its pendency targets.

Figure #3



Trademarks	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Applications	455,017	483,000	516,000	558,000	601,000	647,000	689,000
Growth Rate	4.5%	6.1%	6.8%	8.1%	7.7%	7.7%	6.5%
Balanced Disposals	909,604	967,400	1,032,000	1,112,900	1,199,800	1,291,700	1,379,000
Performance Measures							
Avg. First Action Pendency (Months)	3	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)	9.8	12.0	12.0	12.0	12.0	12.0	12.0
Examining Attorneys at End-of-Year	429	459	496	532	568	613	644

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 2014**	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Projected Fee Collections							
Low Fee Estimate*	282	268	267	280	301	311	327
Working Fee Estimate*	282	278	288	305	332	346	365
High Fee Estimate*	282	285	297	323	360	385	409
Budgetary Requirements***	280	320	324	320	326	333	342
Funding To (+) and From (-) the Operating Reserve							
Low Fee Estimate	2	(53)	(57)	(40)	(25)	(22)	(15)
Working Fee Estimate	2	(42)	(36)	(15)	5	13	23
High Fee Estimate	2	(35)	(27)	3	34	52	67
Operating Reserve Balance							
Working Fee Estimate							
Ending Balance	157	115	79	65	70	84	107

*All of the above fee estimates include approximately \$5-\$6 million in other income; such as income from reimbursable agreements and recoveries.

** FY 2014 fee collections and the operating reserve balance include \$19.5 million in trademark fees that were transferred to the PTFRF.

*** 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 2014 through FY 2020 is included as Appendix II.

Projected Fee Collections. Figure #4 compares the estimated fee collections with the fee reductions implemented in January 2015 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 2015 and FY 2016), 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 2017 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). In FY 2015 and FY 2016 Trademark budgetary requirements are projected to exceed Trademark fee collections by \$78 million, primarily due to an increase in IT spending to replace trademark systems. This increase in spending will be funded from the operating reserve. Over the longer term, total annual Trademark budgetary requirements increase by \$62 million or at a 3.4 percent compound annual growth rate (CAGR) in FY 2020 compared to the FY 2014 level. With a sustained economic recovery, new application filings are expected to approach their historical growth patterns and increase by 234,000 applications (classes) by FY 2020 compared to FY 2014 or a 7.2 percent CAGR. To process the incremental workloads, the Trademark organization needs a larger pool of examining attorneys, and it needs to upgrade its business processes and IT systems to further enhance automation and efficiency gains.

Trademark Operating Reserve. The USPTO estimates that the financial risk associated with the Trademark business is higher than that of the Patent business. This greater risk is due to factors such as (a) the speed in which the sensitivity and volatility related to economic fluctuations impacts trademark operations 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 quickly in the short term. As such, the ideal trademark operating reserve level is four to six months of operating expenses.

The USPTO has modified its trademark IT and staffing funding requirements. As a result, the trademark operating reserve will be reduced from the level previously projected in the FY 2015 President's Budget. However, the operating reserve will begin to grow in FY 2018 in order to achieve the target level in FY 2020.

The USPTO has implemented a reduction in trademark electronic application filing and renewal fees. This is consistent with maintaining pendency performance while seeking to encourage electronic communications that lead to lower operating costs and improved performance.

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 their IT systems, which are in the latter stages of a major modernization effort. To accomplish its performance-based strategies, the USPTO continuously engages in multi-year efforts to upgrade its business systems, and the IT infrastructure supporting those systems to keep pace with emerging business needs and technology standards.

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

The IT Portfolio Budget

The USPTO requests \$759.8 million in FY 2016 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 is comparable to the FY 2015 Current Plan total of \$763.2 million, and 26.8 percent and 36.3 percent over the FY 2015 and FY 2016 estimates respectively in the FY 2015 President's Budget. These revised estimates, compared to the President's FY 2015 Budget, which was prepared in November/December 2013, are the result of a comprehensive planning process that examined the backlog of IT projects. The new scenario presented in this Budget reflects an approach that is focused on moving to the next level of IT planning and development to meet the requirements put forth by the operating components, particularly the Patent and Trademark organizations, as well as the critical support areas.

The FY 2016 IT requirements, generated one year later, reflect the fiscal uncertainty under which the USPTO operated at the end of FY 2013 based on the FY 2013 sequestration, the new patent fee schedule, and uncertainties associated with related filing behaviors. Such financial uncertainty had a significant negative impact on IT improvement efforts. As a result the Office used FY 2014 and is using FY 2015 to address a considerable backlog of critical IT projects, and to reduce its "technical debt".

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), these funds were grouped together in 2008 in recognition that future success for the USPTO core mission depends upon a transparent and consistent level of funding for IT improvements. CIF

resources are administered in accordance with USPTO’s Capital Planning and Investment Control (CPIC) process. The USPTO manages these resources to ensure a consistent level of funding for IT capital improvements from year-to-year as projects are initiated and completed, new projects are approved, and as adjustments are warranted by other factors, such as USPTO staffing levels. The CIF consists of the following three components:

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

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

Total USPTO IT Portfolio by Program

The following table shows how total IT funds are allocated by USPTO budget program in FY 2014 through FY 2020 through the Information Resources (IR) sub-programs.

(Dollars in Thousands)

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Patent IR	141,990	235,245	215,129	157,884	152,829	151,868	151,982
Trademark IR	56,234	65,148	48,096	48,540	45,953	46,316	46,391
IP PP&E IR	1,913	1,861	1,934	1,092	1,083	1,091	1,088
Management IR	49,512	76,378	56,235	46,192	44,883	45,446	45,836
Management - IT Infrastructure and IT Support Services	353,904	384,542	438,410	387,538	391,046	368,478	365,231
TOTAL	603,552	763,174	759,804	641,246	635,794	613,199	610,528

PATENT PROGRAM

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

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

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

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

The following table shows the costs associated with PE2E:

	(Dollars in Thousands)			
	FY2014	FY2015	FY2016	FY2017
PE2E-SE	59,401	13,703	-	-
PE2E-2	-	116,820	129,826	85,000
Total PE2E	59,401	130,523	129,826	85,000

For additional information about PE2E, please see the U.S. IT Dashboard at <https://itdashboard.gov/>.

In FY 2015-2016, the USPTO will:

- Deploy the next generation of examiner tools, with application viewer and docket viewer, to the entire Patent Examining Corps
- Deploy the initial pilot for the next generation of search functionality to a large group of patent examiners
- Deploy and continuously convert data for information disclosure statements
- Resume the Text2PTO (patent application submissions in text based format) initiative by conducting outreach efforts to address patent applicants' concerns about submitting patent applications in XML format instead of Portable Document Format (PDF) images
- Deploy office action capability to the entire Patent Examining Corps, which will be integrated into the next generation examiner tools
- Deploy the next generation of search functionality to the Patent Examining Corps
- Enhance Assignment on the Web (AOTW) to address *Executive Action #1*, Attributable Patent Ownership.

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

The IT goals are to retire these legacy systems as quickly as practicable. However, until that milestone is achieved, the USPTO must ensure stability of the legacy systems to meet both

internal and external user needs; improve their scalability to support increasing user base and data requirements; upgrade legacy systems to meet legislative, other federal mandates, and international treaty agreements; and develop legacy system retirement plans.

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

Patent Trial and Appeal Board (PTAB) is a business unit within the USPTO that decides appeals, conducts trials, and decides some petitions in patent-related cases. The AIA called for many changes in PTAB operations. As a result, the IT goal is to maintain the PTAB's ability to provide timely and high quality decisions. This will be done in FY 2015 and FY 2016 by:

- Developing PTAB End-to End (PTAB E2E) functionality to assist in deciding appeals and determining post-grant *inter partes* disputes
- Creating and configuring a disaster recovery environment for PTAB E2E
- Developing IT functionality to assist in resolving interferences and determining derivations
- Providing data migration from legacy systems to the PTAB E2E database

TRADEMARK PROGRAM

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

In FY 2015 and FY 2016, this work will continue by:

- Completing the delivery of new TMNG examining attorney capabilities
- Delivering ex parte appeal and review quality value stream capabilities for non-examining attorneys
- Delivering new eCertificate and ID manual capabilities, as well as enhanced electronic Official Gazette (eOG) services for external customers
- Delivering capabilities supporting the Madrid processing, publication and Issue, pre-exam, and intent-to-use units
- Delivering Trademark Trial and Appeal Board (TTAB) next generation capabilities by implementing the process ex-parte appeal, process opposition & cancellation request, process concurrent use requests, and extend time to oppose value streams

Trademark Legacy Systems. The Trademark organization currently relies on 27 legacy systems that support all areas of Trademark business operations. These "legacy" systems are categorized under six different groupings that focus on e-government, internal operations, records management, trademark search, trademark reference, and other operational aspects.

The IT goals are to plan for and retire those systems, as follows, during FY 2015 and FY 2016:

- Implement the Trademark Electronic Application System (TEAS) reduced fee (RF)
- Complete replacement, deploy and retire FAST 1 – the First Action System for Trademarks
- Modify all legacy automated information systems (AISs) to use the TMNG Content Management System (CMS)
- Retire Trademark Image Capture Retrieval System (TICRS)
- Complete targeted enhancements to legacy systems until cutover to next generation capabilities

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

Patent and Trademark Dissemination. The IT goal to provide public access to both patent and trademark information and services supports both the Patent Program and the Trademark Program. Most of the systems that are accessible via the USPTO's public web site (www.uspto.gov) are used to disseminate data about patents (e.g., patent grants, published patent applications, PTAB decisions, and patent classification information) and trademarks (e.g., trademark applications and registered marks, decisions of the TTAB, and trademark assignment data). The USPTO also provides Google with existing bulk electronic files, which Google hosts using their infrastructure and offers their search capabilities to the public free-of-charge. During FY 2015 and FY 2016, the USPTO will:

- Deploy a single web application for the assignment historical database (AHD) and assignments on the web (AOTW) and retire both systems
- Deploy web-based patent and trademark assignment system (PTAS)
- Deploy next generation order entry management system (OEMS)
- Add patent images to the Patent Application and Information Retrieval (PAIR) bulk data and provide users the ability to search on text parameters; enable search by metadata

IP POLICY, PROTECTION, AND ENFORCEMENT PROGRAM

The Office of Policy and International Affairs (OPIA) is responsible for IP policy, protection and enforcement. The FY 2015-2016 IT goal is to deliver high-quality IT capability supporting the goals and objectives of the OPIA, as follows:

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

MANAGEMENT PROGRAM

The six management offices are the Office of the Under Secretary and Director, Office of the General Counsel (OGC), Office of the Chief Financial Officer (OCFO), Office of the Chief

Administrative Officer (OCAO), Office of Equal Employment Opportunity and Diversity (OEEO&D), and Office of the Chief Communications Officer (OCCO).

A major IT goal is to replace the current fee collection system with 21st century technology by implementing the Fee Processing Next Generation (FPNG) that aids in the implementation of fee collection process recommendations. In FY 2015-FY 2016, capabilities will include:

- Enhancing electronic funds transfer (EFT) and deposit account on-line capabilities
- Enhancing payment of maintenance fees on line
- Enabling the office to use paper check conversion functionality to scan and send checks electronically to Treasury rather than via armored car pick-up
- Providing deposit account overdraft protection on-line (new feature)
- Establishing general deposit account authorizations on-line
- Requesting and tracking refunds on-line (only via mail now)
- Processing deposit account replenishments and maintenance fee payments (more user-friendly interface)
- Reconciling international payments to international applications (more user-friendly interface)

These will lead to the retirement of the Revenue Accounting and Management (RAM) system, and other systems in the Office of Financial Management Systems in FY 2016.

For FY 2015-FY 2016, the IT goal to invest in management business systems and IT capability necessary to support managerial, legal, administrative, communication and workforce needs means:

- Delivering new employee relations/labor relations (ER/LR) case management capability to meet workforce needs
- Implementing a DOC-wide solution for the USPTO web-based learning management system
- Providing additional time and attendance functionality via a COTS software version upgrade
- Providing web services to interfacing systems for expeditious upload of documents for the public (i.e., Freedom of Information Act (FOIA) requests)
- Delivering new document management capability for executive correspondence
- Delivering improved *uspto.gov* website and intranet homepage
- Delivering new equal employment opportunity (EEO) case management and document management capability to meet workforce needs
- Continuing maturity of the HRConnect solution
- Delivering new legal case and document management capabilities for attorney and paralegal needs
- Providing end-to-end processing and fee payment capabilities for the enrollment and discipline or patent attorneys and agents
- Providing fee forecasting and initial budget formulation, compensation projection, and acquisition planning and monitoring functionalities

IT Infrastructure Portfolio

As a production-oriented entity, the USPTO relies heavily upon a sophisticated IT infrastructure. The IT goal is to provide the infrastructure foundation for the next generation

efforts, take advantage of emerging technologies to retain and improve the infrastructure, and deliver compliance to IT mandates. In FY 2015-2016, this will be done by:

- Completing the Dallas and Silicon Valley permanent office build outs
- Expanding the existing infrastructure for business continuity/disaster recovery (BC/DR)
- Completing audio-visual (AV) modernization at headquarters
- Completing SharePoint Cloud migration
- Improving Cyber-security Situational Awareness and Incident Response
- Implementing voice system enhancements
- Beginning data center mechanical upgrades
- Expanding private cloud environment to support next generation requirements
- Developing new universal laptop/universal desktop baselines, AIS readiness, hardware selection and beta testing
- Making security infrastructure enhancements
- Implementing the Federated Configuration Management Database

Program Changes

The USPTO’s allowable current services level calculation for FY 2016 is greater than the \$759.8 million total required to meet the USPTO’s FY 2016 IT needs. Consequently, the IT Portfolio program change for FY 2016 is a decrease of \$29.9 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 2016 and the out years for each of these sub-programs.

(Dollars in Thousands)

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Patent IR	(25,514)	(86,250)	(95,356)	(100,495)	(104,625)
Trademark IR	(18,605)	(19,437)	(23,301)	(24,202)	(25,382)
IP PP&E IR	44	(827)	(869)	(894)	(931)
Management IR	(22,124)	(33,327)	(35,954)	(36,731)	(37,704)
Management - IT Infrastructure and IT Support Services	36,301	(20,291)	(23,798)	(53,496)	(63,989)
TOTAL	(29,899)	(160,132)	(179,278)	(215,817)	(232,632)

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

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

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TOTAL BUDGET AND FINANCING

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Exhibit 5 – Summary of Resource Requirements

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

	Positions	FTE	Total Obligations
FY 2015 Current Plan	13,300	12,920	3,330,830
FY 2016 Adjustments to base:	-	229	158,842
FY 2016 Base	13,300	13,148	3,489,672
plus: 2016 Program changes	235	165	9,377
FY 2016 Estimate	13,535	13,314	3,499,048

Comparison by activity:		FY 2014		FY 2015 Current Plan		FY 2016 Base		FY 2016 Estimate		Increase/(Decrease over 2016 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Patents	Pos./Obl.	11,747	2,685,191	12,356	2,969,569	12,060	3,110,669	12,226	3,130,701	166	20,032
	FTE	10,874		11,768		11,935		12,063		128	
Trademarks	Pos./Obl.	972	262,802	1,043	298,715	1,042	311,958	1,109	300,814	67	(11,144)
	FTE	888		987		1,025		1,061		36	
IP Policy Protection and Enforcement	Pos./Obl.	188	49,464	198	62,546	197	67,045	199	67,533	2	489
	FTE	131		165		188		190		1	
Total Obligations	Pos./Obl.	12,907	2,997,457	13,597	3,330,830	13,300	3,489,672	13,535	3,499,048	235	9,377
	FTE	11,894		12,920		13,148		13,314		165	
Adjustments for:						12,060	3,110,669	12,226	3,130,701	166	20,032
Offsetting Fee Collections			(3,172,236)		(3,142,115)		(3,206,672)		(3,206,672)		-
Other Income / Recoveries			(35,887)		(27,800)		(27,800)		(27,800)		-
Operating Reserve, start of year			(442,291)		(650,957)		(488,042)		(488,042)		-
Operating Reserve, end of year			650,957		488,042		230,842		221,465		(9,377)
Total Budget Authority			(2,000)		(2,000)		(2,000)		(2,000)		0
Financing from transfers / other:											
Amounts Unavailable for Spending			0		0		0		0		0
Transfer to other accounts (+)			2,000		2,000		2,000		2,000		0
Total Net Appropriation			0		0		0		0		0

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

		FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
		Estimate		Estimate		Estimate		Estimate		Estimate	
Comparison by activity:		Personnel	Amount								
Patents	Pos./Obl.	12,226	3,130,701	12,099	3,059,340	12,093	3,121,438	12,152	3,187,084	12,309	3,271,624
	FTE	12,063		12,017		11,953		11,983		12,096	
Trademarks	Pos./Obl.	1,109	300,814	1,160	296,958	1,205	303,190	1,262	309,472	1,299	318,364
	FTE	1,061		1,113		1,158		1,208		1,256	
IP Policy Protection and Enforcement	Pos./Obl.	199	67,533	199	66,322	199	67,102	199	67,825	199	68,570
	FTE	190		190		190		190		190	
Total	Pos./Obl.	13,535	3,499,048	13,458	3,422,620	13,497	3,491,730	13,613	3,564,382	13,807	3,658,557
	FTE	13,314		13,319		13,301		13,381		13,542	
Adjustments for:											
	Offsetting Fee Collections		(3,206,672)		(3,284,930)		(3,563,755)		(3,661,370)		(3,863,980)
	Other Income / Recoveries		(27,800)		(27,800)		(27,800)		(27,800)		(27,800)
	Operating Reserve, start of year		(488,042)		(221,465)		(109,575)		(207,400)		(330,188)
	Operating Reserve, end of year		221,465		109,575		207,400		330,188		561,411
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 2014	FY 2015 Current Plan	FY 2016 Base	FY 2016 Estimate	Increase/ Decrease/ over 2016 Base
Total Obligations	2,997,457	3,330,830	3,489,672	3,499,048	9,377
Offsetting collections from:					
Non-Federal sources / User Fee Collections	(3,172,236)	(3,142,115)	(3,206,672)	(3,206,672)	-
Other Income	(5,993)	(6,800)	(6,800)	(6,800)	-
Adjustments for:					
Recoveries	(29,894)	(21,000)	(21,000)	(21,000)	-
Unobligated balance, start of year	(442,291)	(650,957)	(488,042)	(488,042)	-
Unobligated balance, end of year	650,957	488,042	230,842	221,465	(9,377)
Total Budget Authority	(2,000)	(2,000)	(2,000)	(2,000)	0
Financing:					
Amounts Unavailable for Spending	0	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>
Adjustments to Base:		
2015 Pay raise		3,209
2016 Pay raise		13,782
Full-year cost in 2016 of positions financed for part-year in 2015	229	25,515
Other Compensation Adjustments		70,801
Change in compensable days		7,935
Civil Service Retirement System (CSRS)		(1,385)
Federal Employees Retirement System (FERS)		9,401
Thrift Savings Plan		891
Federal Insurance Contribution Act (FICA) - OASDI		1,084
Health insurance		3,199
Post-Retirement Benefits to OPM		4,251
Travel		106
Rental payments to GSA		1,542
Printing and reproduction		2,184
General Pricing Level Adjustment		16,326
		158,842
Total, adjustments to base	229	158,842

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:				
<u>Pay Raises</u>				3,209
Full-year cost of 2015 pay increase and related costs:				
The 2016 President's Budget assumes a general pay raise of 1.0% to be effective January 1, 2015.				
Total cost in 2016 of 2015 pay increase		12,837		
Less amount funded in 2015		(9,628)		
Amount requested in 2016 to provide full-year cost of 2014 pay increase		3,209		
2016 pay increase and related costs:				13,782
A general pay raise of 1.3% is assumed to be effective January 1, 2016.				
Total cost in 2016 of pay increase		13,782		
Payment to Working Capital Fund		0		
Total, adjustment for 2016 pay increase		13,782		
<u>Full-year cost in 2016 of positions financed for part-year in 2015</u>			229	25,515
An increase of \$25,515k is required to fund the full-year cost in 2016 of positions financed for part-year in 2015.				
The computation follows:				
Full-year cost of personnel compensation	835	70,975		
Less personnel compensation included in the 2015 budget	(606)	(51,538)		
Subtotal, personnel compensation	229	19,437		
Adjustment for 2016 pay raise for 3/4 of year		190		
Add'l amount required for personnel compensation	229	19,627		
Benefits	0	5,888		
Total adjustment-to-base	229	25,515		

	FTE	Amount \$000	FTE	Amount \$000
<u>Other Compensation Adjustments</u>				70,801
This adjustment reflects the net difference between USPTO detailed Compensation Model and the prescribed formulation. As a result of increased hires, WIGI, and accelerated promotions for Patent hires, USPTO has a higher requirement than could be absorbed through the formulation process. The Compensation Model calculates on an individual basis compensation including factoring in WIGI, promotions, hires, attritions, and lapses.				
<u>Changes in compensable days</u>				7,935
The increased cost of one compensable day in 2016 compared to 2015 is calculated by dividing the 2015 estimated personnel and benefit costs by 261 compensable days. The cost increase of one compensable day is \$7,935K.				
<u>Civil Service Retirement System (CSRS)</u>				(1,385)
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 1.4% in 2015 to 0% in 2016. Contribution rates will remain at 7%.				
Regular:				
2016		\$1,413,549,440 x .000 x .07		0
2015		\$1,413,549,440 x .014 x .07		1,385
				(1,385)
Total adjustment-to-base				(1,385)
<u>Federal Employee Retirement System (FERS)</u>				9,401
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 98.6% in 2015 to 100.0% in 2016. The contribution rate for regular employees is 13.2% for 2015 and 13.7% for 2016.				
Regular:				
2016		\$1,413,549,440 x 1.000 x .137		193,656
2015		\$1,413,549,440 x .986 x .132		184,255
				9,401
Total adjustment-to-base				9,401

	FTE	Amount \$000	FTE	Amount \$000
<u>Thrift Savings Plan</u>				891
The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to be 4.5%.				
Regular:				
2016		\$1,413,549,440 x 1.000 x .045		63,610
2015		\$1,413,549,440 x .986 x .045		62,719
				891
Total adjustment-to-base				891
<u>Federal Insurance Contribution Act (FICA)</u>				1,084
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 \$118,800 in 2015 to \$122,100 in 2016. The OASDI tax rate will remain at 6.2% in both 2015 and FY 2016.				
2016		\$1,413,549,440 x 1.000x .8833 x .062		77,412
2015		\$1,413,549,440 x .986 x .8833 x .062		76,329
				1,084
Total adjustment-to-base				1,084
<u>Health Insurance</u>				3,199
Effective January 2014, this bureau's contribution to Federal employees' health insurance premiums increased by 3.66%. Applied against the 2015 estimate of \$87,411,000 the additional amount required is \$3,199k.				
<u>Post-Retirement Benefits to OPM</u>				4,251
The USPTO is required to fund the present costs of post-retirement benefits for the Federal Employees Health Program (FEHB), Federal Employees Group Life Insurance and the Civil Service Retirement System (CSRS) and Federal Employees Retirement System pension liabilities. Funds for this purpose are transferred to the Office of Personnel Management. The required increase reflects the increase in retiree medical costs along with the increase in number of employees.				
<u>Travel</u>				106
The standard OMB economic inflation factor of 1.6% was utilized.				
<u>Rental Payments to GSA</u>				1,542
GSA rates are projected to increase 1.6% in 2016. This percentage was applied to the 2015 estimate to arrive at an increase of \$1,542k.				

GPO / Non GPO Printing

2,184

Given the larger percentage of Non GPO to GGPO printing, the standard OMB economic inflation factor of 1.6% was utilized.

General Pricing Level Adjustment

16,326

This request applies OMB economic assumptions for FY 2016 to object classes where the prices the government pays are established through the market system. Inflation Factors at an average of 1.6% were applied to transportation of things, rental payments to others, communications, utilities and miscellaneous charges; other contractual services; supplies and materials and equipment.

Subtotal, Other Changes

Total, Adjustments to Base

229

158,842

PATENT PROGRAM

Exhibit 10 – Program Performance: Total Obligations

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

Activity: Patent Program
Subactivity: Patents

Sub-Activity:		FY 2014		FY 2015 Current Plan		FY 2016 Base		FY 2016 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Patent Examining	Pos./Obl	10,362	1,843,897	10,458	1,963,410	10,458	2,058,412	10,465	2,071,778	7	13,366
	FTE	9,768	-	10,342	-	10,374	-	10,402	-	28	-
Patent Trial and Appeals	Pos./Obl	345	50,518	434	75,352	434	89,321	514	97,170	80	7,849
	FTE	262		373		432		472		40	-
Patent Information Resources	Pos./Obl	166	141,990	191	235,245	201	240,643	201	215,129	-	(25,514)
	FTE	160		188		199		199		-	-
Subtotal Direct	Pos./Obl	10,873	2,036,404	11,083	2,274,007	11,093	2,388,376	11,180	2,384,077	87	(4,298)
	FTE	10,190		10,903		11,005		11,072		68	
Management Goal - Allocated	Pos./Obl	875	648,787	976	695,563	967	722,293	1,046	746,623	79	24,330
	FTE	684		866		930		990		60	-
Total	Pos./Obl	11,747	2,685,191	12,059	2,969,569	12,060	3,110,669	12,226	3,130,701	166	20,032
	FTE	10,874		11,768		11,935		12,063		128	

Exhibit 12 – Justification of Patent Program and Performance

BUDGET PROGRAM: Patent Program

For FY 2016, the USPTO requests a total of \$3,130.7 million and 12,063 FTE for the Patent Program (including inflationary adjustments). This funding includes an increase of \$20.0 million and 128 FTE over the base.

PROGRAM BUDGET PROFILE							
(Dollars in thousands)							
Funding Requirements by Sub Program	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Patent Examining	\$1,843,897	\$1,963,410	\$2,071,778	\$2,121,059	\$2,172,089	\$2,241,266	\$2,314,125
Patent Trial and Appeals	\$50,518	\$75,352	\$97,170	\$110,716	\$120,365	\$128,500	\$137,303
Patent Information Resources	\$141,990	\$235,245	\$215,129	\$157,884	\$152,829	\$151,868	\$151,982
Management Goal - Allocated	\$648,787	\$695,563	\$746,623	\$669,681	\$676,155	\$665,450	\$668,213
TOTAL	\$2,685,191	\$2,969,569	\$3,130,701	\$3,059,340	\$3,121,438	\$3,187,084	\$3,271,624
FTE	10,874	11,768	12,063	12,017	11,953	11,983	12,096

PROGRAM JUSTIFICATION

Patent Program Overview

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

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

The Patent Program also supports the Agency Priority Goal to Advance Commercialization of New Technologies by Reducing Patent Application Pendency and Backlog. Details are included in Appendix VII, the USPTO's FY 2016 Annual Performance Plan / FY 2014 Annual Performance Report.

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

- Refine Optimal Patent Pendency:
 - Published a Federal Register notice on July 9, 2014 requesting input on optimum pendency. Received seven responses, which showed general support for current pendency targets with no consensus for modification. However, USPTO is modifying the Patent Dashboard to accommodate requests to make additional metrics available.

- Increase Efficiencies and Patent Examination Capacity to Align with the Optimal Pendency:
 - Made offers to 1,010 UPR patent examiner applicants and hired 934. The remaining 76 were scheduled to come on board in early FY 2015. In addition, hired 30 design examiners.
 - Expanded and improved the Patent Examiner Technical Training program (PETTP) to provide more robust technical training and expertise. In FY 2014, training on the evaluation of 112f limitations in software-related claims was completed. [*Executive Action #6*]
 - Focused training on compact prosecution for both examiners and managers.
 - Received over 9,100 Track 1 (accelerated) applications; and pendency for these cases was 5.1 months from petition grant to allowance. Extended both the Quick Patent Information Disclosure Statement (QPIDS) program and the After Final Consideration Pilot Program through the end of FY 2015.

- Increase International Cooperation and Work Sharing:
 - The Cooperative Patent Classification (CPC) system is operational at the USPTO. Made substantial progress towards completing examiners' transition to CPC in FY 2014, with full implementation by January 2015.
 - Progress continues to improve timeliness in all aspects of processing international applications under the Patent Cooperation Treaty (PCT), national stage applications under section 37 CFR section 37, and for applications filed under the Patent Prosecution Highway (PPH).
 - Received 7,200 PPH applications (37 percent more than last year), which have an allowance rate of approximately 77 percent.
 - Continued to move the Global Dossier project forward. Access by patent examiners is currently being piloted, with full-scale deployment targeted for third quarter FY 2015. Development of public access to Global Dossier was initiated in FY 2014, with full deployment scheduled in FY 2015.

- Continue to Enhance Patent Quality:
 - Engaged with PPAC on reviewing the procedures for measuring and reporting indicia of patent examination quality, which is expected to lead to revisions to the Patent Quality Composite to better meet stakeholder needs.

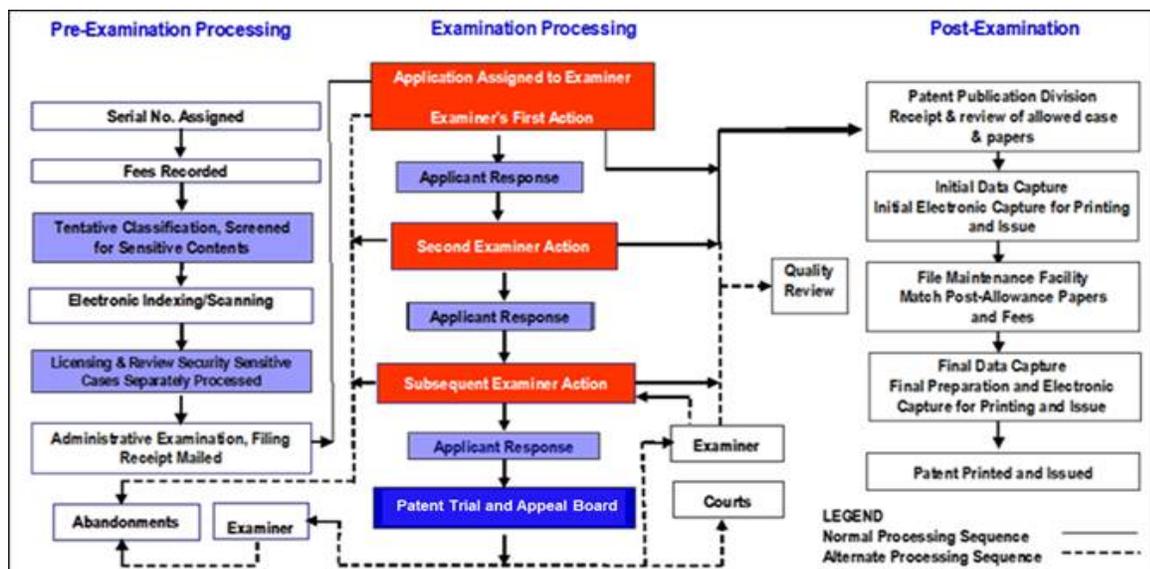
- Developing a quality initiative that will focus on providing the best work products and services possible by expanding and refining examiner training and guidance, improving the customer experience, and engaging the public by creating partnerships that educate and seek input.
 - Expanded the PETTP to provide examiners with direct access to experts with technical knowledge on prior art and industry standards in emerging and established technologies. [*Executive Action #2*]
 - Initiated training to improve clarity in patent claims and on subject matter eligibility of claims involving laws of nature based on recent Supreme Court precedent. [*Executive Action #2*]
 - Established a Glossary Pilot, which began on June 2, 2014 and will run through December 31, 2014. The pilot is designed to enhance claim clarity in the specification of software-related patent applications by encouraging and gauging the use of glossaries by patent applicants. [*Executive Action #6*]
- Ensure Optimal IT Service Delivery to All Users:
- Progressing on a multi-pronged effort to stabilize the Patent Application Location Monitoring (PALM) system. During FY 2014, improved the Patent Reporting System for examiners and managers; increased usage of the PALM services gateway; and completed a study to improve the technical architecture for automated biotech sequence search system.
 - Deployed PE2E tools for assessment by examiner pilot users; converted 114 million image-based patent applications to searchable text-based applications; and delivered a harmonized patent classification system between the USPTO and the European Patent Office (EPO).
 - Moved forward on the Text2PTO project, which aims to allow and promote text submissions of patent applications, and provide applicants with a suite of pre-submission tools.
 - Moved forward on a modern search environment that will address, and improve examiner and public searching across multiple patents/prior art collections.
 - Provided a format for broader international patent search capabilities and a test bed for deployment of the PE2E search system by deploying functionality to enable searching of Chinese patents in XML format.
- Continue and Enhance Stakeholder and Public Outreach:
- Proposed a rule requiring the reporting of ownership interests in a patent or application, called the "attributable owners", and subsequently held two public hearings and received written comments on the proposed rule. [*Executive Action #1*]
 - Hosted/participated in numerous conferences, and internal and public informational and training sessions, as well as expanded use of the USPTO Web site to further enhance and promote external outreach on CPC.
 - Hosted eight roundtables to share information about new AIA trials and solicit public input in response to the White House Executive Action on empowering downstream users. [*Executive Action #3*]
 - Added nine new pro bono programs. [*Executive Action #7*]
 - Investigating a series of process improvements, such as refinements of the third-party submission process and examiner guidance on the use of crowd-sourced prior art. [*Executive Action #5*]

- Maintain the PTAB's Ability to Provide Timely and High Quality Decisions:
 - Met all statutory deadlines under the AIA, and maintained six-month average pendency for reexamination proceedings.
 - Hired 44 PTAB judges, including judges for the Detroit and Denver Satellite Offices, a Vice Chief Judge, a Board Executive, a Chief Clerk and a Deputy Chief Clerk for Hearing Operations.
 - Continued to address AIA trial workload, kept pace with the incoming ex parte appeals, and prevent an increase in the backlog.
 - Initiated work on a new end-to-end IT system (PTAB E2E) that is being designed and built to meet specific needs of its stakeholders.
 - Participated in over 20 IP events and eight roundtables. These roundtables served as a vehicle for sharing information about AIA Trials and receiving feedback. [Executive Action #3]

Base Justification

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

PATENT PROCESS



Sub-Program #1: Patent Examining (\$2,058.4 million and 10,374 FTE)

Patent Pre-Examination Processing: \$138.3 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 seven 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: \$1,839.1 million and 10,187 FTE

In this stage, the application is placed on the docket of one of the 8,427 UPR or 144 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.

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

Additionally, the USPTO provides its patent examiners detailed training in efficient interview techniques and in compact prosecution. This training aims to streamline the examination

process by working with the applicants to identify and resolve issues early in the process, thereby reducing patent application backlogs and overall pendency.

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

International Patent Cooperation focuses on work with global stakeholders and IP offices to develop the means to increase quality and create new efficiencies within the complex processes of international patent rights acquisition. It also pursues the USPTO commitment toward global patent harmonization, which would make it easier for Americans to do business abroad.

Patent Post-Examination Processing: \$87.4 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 (\$89.3 million and 432 FTE)

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

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

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

Sub-Program #3: Patent Information Resources (\$240.6 million and 199 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 (\$722.3 million and 930 FTE)

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

RISK ASSESSMENT

Fostering innovation is a crucial driver of job creation, economic recovery, and prosperity. Reducing patent pendency and the backlog of patent applications awaiting examiner action is an Administration priority and promotes fostering innovation. If the USPTO is unable to continue with the patent pendency and unexamined patent application backlog reduction program, then American innovators and businesses would not obtain the legal rights associated with the issuance of a quality patent in a timely manner in order to reap the benefits of their innovations. The longer it takes for the USPTO to review a patent application, the longer it will take for an applicant to receive the patent rights that ultimately may be granted for the invention.

INFLATIONARY ADJUSTMENTS

The USPTO requires a net increase of 167 FTE and \$141.1 million to fund adjustments to current programs for the Patent Program activities. This increase will provide the annualization of the FY 2015 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 10-11, and on the Data Visualization Center at <http://www.uspto.gov/about/stratplan/dashboards.jsp>

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

Department of Commerce
U.S. Patent and Trademark Office
PATENT PROGRAM
INCREASES FOR 2016
(Dollar amounts in thousands)

		2016 Base		2016 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Direct Total, Patent Program	Pos./Obl.	11,093	2,388,376	11,180	2,384,077	87	(4,298)
	FTE	11,005		11,072		68	
<i>Patent Examining</i>	<i>Pos./Obl.</i>	<i>10,458</i>	<i>2,058,412</i>	<i>10,465</i>	<i>2,071,778</i>	<i>7</i>	<i>13,366</i>
	<i>FTE</i>	<i>10,374</i>		<i>10,402</i>		<i>28</i>	
	<i>Workload-Driven</i>						
Patent Examiner New Hires	Pos./Obl.					(95)	(6,800)
	FTE					(48)	
Overtime / Production Incentives	Pos./Obl.					-	2,341
	FTE					-	
Patent Cooperation Treaty (PCT) Searching Contract	Pos./Obl.					-	(2,301)
	FTE					-	
Workload Processing Contracts	Pos./Obl.					-	6,796
	FTE					-	
	<i>Quality</i>						
Patent Quality Improvement	Pos./Obl.					80	8,061
	FTE					60	
Technical Training and Expertise	Pos./Obl.					-	1,749
	FTE					-	
Crowdsourcing Prior Art	Pos./Obl.					-	1,440
	FTE					-	

			2016 Base		2016 Estimate		Increase/(Decrease)	
			Personnel	Amount	Personnel	Amount	Personnel	Amount
Stakeholder and Public Outreach								
Satellite Office Outreach Programs	Pos./Obl.						4	715
	FTE						3	
Pro Bono and Pro Se Assistance	Pos./Obl.						18	1,364
	FTE						13	
Patent Trial and Appeals	Pos./Obl.		434	89,321	514	97,170	80	7,849
	FTE		432		472		40	-
PTAB Production and AIA Workload	Pos./Obl.						80	7,849
	FTE						40	
Patent Information Resources	Pos./Obl.		201	240,643	201	215,129	-	(25,514)
	FTE		199		199		-	
Patent Business Projects	Pos./Obl.						-	(25,514)
	FTE						-	

Department of Commerce
U.S. Patent and Trademark Office
PATENT PROGRAM
INCREASES FOR 2016 - 2020
(Dollar amounts in thousands)

		FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Direct Total, Patent Program	Pos./Obl.	87	(4,298)	(45)	(52,593)	(50)	(59,897)	8	(47,365)	161	(22,922)
	FTE	68		20		(48)		(22)		86	
Patent Examining	Pos./Obl.	7	13,366	(183)	12,447	(219)	5,518	(204)	15,979	(92)	36,686
	FTE	28		(89)		(201)		(212)		(147)	
Workload											
Patent Examiner New Hires	Pos./Obl.	(95)	(6,800)	(285)	(25,500)	(321)	(42,916)	(306)	(50,546)	(194)	(48,243)
	FTE	(48)	-	(191)		(303)		(314)		(249)	
Overtime / Production Incentives	Pos./Obl.	-	2,341	-	2,077	-	2,008	-	3,066	-	4,705
	FTE	-	-	-		-		-		-	
Patent Cooperation Treaty (PCT) Searching Contract	Pos./Obl.	-	(2,301)	-	(2,003)	-	(1,751)	-	(1,553)	-	(1,295)
	FTE	-	-	-		-		-		-	
Workload Processing Contracts	Pos./Obl.	-	6,796	-	17,764	-	26,656	-	36,972	-	47,260
	FTE	-	-	-		-		-		-	
Quality											
Patent Quality Improvement	Pos./Obl.	80	8,061	80	13,274	80	17,480	80	21,995	80	26,968
	FTE	60	-	80		80		80		80	

		FY 2016 Increase (Decrease)		FY 2017 Increase (Decrease)		FY 2018 Increase (Decrease)		FY 2019 Increase (Decrease)		FY 2020 Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Technical Training and Expertise	Pos./Obl.	-	1,749	-	2,630	-	(314)	-	1,534	-	2,622
	FTE	-	-	-	-	-	-	-	-	-	-
Crowdsourcing Prior Art	Pos./Obl.	-	1,440	-	1,483	-	1,527	-	1,572	-	1,619
	FTE	-	-	-	-	-	-	-	-	-	-
<i>Stakeholder and Public Outreach</i>											
Satellite Office Outreach Programs	Pos./Obl.	4	715	4	844	4	871	4	899	4	927
	FTE	3	-	4	-	4	-	4	-	4	-
Pro Bono and Pro Se Assistance	Pos./Obl.	18	1,364	18	1,878	18	1,958	18	2,040	18	2,124
	FTE	13	-	18	-	18	-	18	-	18	-
<i>Patent Trial and Appeals</i>	<i>Pos./Obl.</i>	<i>80</i>	<i>7,849</i>	<i>138</i>	<i>21,210</i>	<i>169</i>	<i>29,941</i>	<i>212</i>	<i>37,150</i>	<i>253</i>	<i>45,017</i>
	<i>FTE</i>	<i>40</i>	<i>-</i>	<i>109</i>	<i>-</i>	<i>154</i>	<i>-</i>	<i>191</i>	<i>-</i>	<i>233</i>	<i>-</i>
PTAB Production and AIA Workload	Pos./Obl.	80	7,849	138	21,210	169	29,941	212	37,150	253	45,017
	FTE	40	-	109	-	154	-	191	-	233	-
<i>Patent Information Resources</i>	<i>Pos./Obl.</i>	<i>-</i>	<i>(25,514)</i>	<i>-</i>	<i>(86,250)</i>	<i>-</i>	<i>(95,356)</i>	<i>-</i>	<i>(100,495)</i>	<i>-</i>	<i>(104,625)</i>
	<i>FTE</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Patent Business Projects	Pos./Obl.	-	(25,514)	-	(86,250)	-	(95,356)	-	(100,495)	-	(104,625)
	FTE	-	-	-	-	-	-	-	-	-	-

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 2016:

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

The significant progress made since the beginning of this decade is expected to continue under the *USPTO 2014-2018 Strategic Plan*, which is supported by this Budget. Between the beginning of FY 2010 through the end of FY 2014, first action pendency was reduced from 25.8 months to 18.4 months; total pendency was reduced from 34.6 months to 27.4 months; and the backlog of unexamined applications was reduced from 718,835 to 605,646. During this same time, examiner staffing increased from 6,145 to 8,472.

The Patent organization has modified its FY 2015 hiring plan of 1,000 to 450 (net of 59 after attrition). In FY 2016, the USPTO plans to hire 250 attrition replacements (net -95). This will enable the USPTO to achieve an optimal working level inventory of unexamined patent applications in FY 2018, and achieve its performance targets of 10 months for first action pendency and 20 months for total pendency in FY 2019. With this hiring, by the end of FY 2016, the USPTO will also reduce the Request for Continued Examination (RCE) backlog by approximately 64 percent from the beginning of FY 2013 level. 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.

PROGRAM CHANGES

Patent Examining (+28 FTE and +\$13.4 million): The USPTO requires an increase of \$13.4 million and an increase of 28 FTE for a total of \$2,071.8 million and 10,402 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. Not funding these initiatives puts the Department and the USPTO at risk for mission failure.

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

Proposed Actions:

The Patent Examining program change provides funding for the quality and timely examination of patent applications. Along with base resources, this program change will enable the Patent

Program to provide timely examination by processing incoming work, reducing the current backlog, and reducing pendency. It will also enhance the quality of patents thereby increasing the value of the patent to the inventor.

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

- address the 620,658 new applications expected to be filed in FY 2016 (3.5 percent above the projected FY 2015 level);
- reduce the current backlog of unexamined patent applications to approximately 465,000 or about 35 percent below the beginning of FY 2010 level, as documented in patent production modeling;
- provide timely examination of patent applications by reducing the time to first office action to 14.9 months in FY 2016 and 10.7 months in FY 2019; and
- reduce average total pendency to 24.4 months in FY 2016 and 19.8 months in FY 2019.

The FY 2016 Budget initiatives are categorized as follows:

- **Workload Initiatives.** These initiatives are driven by the requirement to process incoming work for which applicants have paid fees. Such initiatives, more fully described below, 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. The Patent organization is launching a multi-faceted world-class patent quality initiative that includes improving the work products produced by patent examiners; providing excellent customer service with an emphasis on improving the customer experience; and providing increased education and outreach to the public on quality efforts.
- **Stakeholder and Public Outreach Initiatives.** These initiatives enable the Patent organization to leverage its presence in the satellite office regions, and fulfill its commitment to promoting the availability of educational resources for applicants and other users.

Patent Workload-Driven Initiatives

Patent Examiner New Hires. In FY 2016, the USPTO will continue calibrating the size of the patent examining staff with projected application filings and desired performance results, as documented by patent production modeling. In FY 2016, the projected level of workload requires the hiring of 250 new patent examiners (offset by attritions of 345) 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 2016 will be approximately 8,500.

Patent application filings are projected to increase by 3.0 percent in FY 2015, and 3.5 percent in FY 2016. The production model takes into consideration this revised incoming work as well as the increasing output of examiners hired in prior years due to their seniority and mastery of the patent examination process. This careful calibration between workload and hires has

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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$(6,800)	\$(25,500)	\$(42,916)	\$(50,546)	\$(48,243)
FTE	(48)	(191)	(303)	(314)	(249)

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

Funds are also required for production based incentives tied to growth in staffing levels. Incentives for examiners are based on exceeding certain 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. 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 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$2,341	\$2,077	\$2,008	\$3,066	\$4,705
FTE	-	-	-	-	-

Patent Cooperation Treaty (PCT) Searching Contract. The USPTO continues to contract for international search reports and written opinions for approximately 21,000 PCT Chapter I cases, roughly equal to the FY 2016 projected receipts. Investments in contracting enable the USPTO to meet its obligations as an International Searching Authority under PCT Chapter I; for example, the PCT time frames for issuance of the required reports, and enable the USPTO to focus its examiner resources towards reducing the backlog of pending national applications. At the same time, the USPTO is placing greater emphasis on re-using results in corresponding national cases. In the complete absence of this program, PCT filings would have to be examined by examiners, resulting in fewer U.S. national applications being processed, which would equate to reduced production and fewer fee collections. A reduction of \$2.3 million is due to the reduction of the backlog.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$(2,301)	\$(2,003)	\$(1,751)	\$(1,553)	\$(1,295)
FTE	-	-	-	-	-

Workload Processing Contracts. The Patent organization’s largest contracts are driven by work based on numbers of applications, examiner production, and output, and must be funded

commensurately in order to continue processing work and issuing patents. Specifically funds 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.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$6,796	\$17,764	\$26,656	\$36,972	\$47,260
FTE	-	-	-	-	-

Patent Quality Initiatives

Patent Quality Improvement. Funds are required to increase the number of staff dedicated to quality-related initiatives, for example by increasing staffing in the Office of Patent Quality Assurance which is responsible for assessing the quality of work products produced by patent examiners; i.e., conducting reviews of processes and procedures related to search and examination. Funds also are required to provide additional training and information technology tools to employees.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$8,061	\$13,274	\$17,480	\$21,995	\$26,968
FTE	60	80	80	80	80

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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$1,749	\$2,630	\$(314)	\$1,534	\$2,622
FTE	-	-	-	-	-

Crowdsourcing Prior Art. Funds are required to implement *Executive Action No. 5* on crowdsourcing (i.e., obtaining needed information by soliciting contributions from a large group of people -- especially from an online community, rather than from traditional sources). The Patent organization will hold roundtable events on this topic; use the information to evaluate

the third-party submission process; update its guidance to examiners on effective use of crowdsourcing; explore scalable, sustainable solutions to access relevant information using crowdsourcing; and incorporate search strategies, tools and best practices received from the Software Partnership.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$ 1,440	\$ 1,483	\$ 1,527	\$ 1,572	\$ 1,619
FTE	-	-	-	-	-

Stakeholder and Public Outreach Initiatives

Satellite Office Outreach Programs. Funds are required for four positions to promote and foster American innovation in the global marketplace while placing USPTO resources and personnel directly at the doorsteps of regional communities. Funds would be used to place an outreach coordinator and outreach support staff in each satellite office and provide them with the materials and travel resources to enable the USPTO to increase the number of partnerships, collaborations and outreach programs in each satellite office.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$ 715	\$ 844	\$ 871	\$ 899	\$ 927
FTE	3	4	4	4	4

Pro Bono and Pro Se Assistance. To increase the accessibility of the patent system, the USPTO will dedicate educational and practical resources to assist inventors who lack legal representation. The Pro Bono Program assists financially under-resourced independent inventors and small businesses with the patent process. The recently establish Pro Se Examination Program pilot enables a team of patent examiners specifically trained and dedicated to focus on examining pro se filed applications. Funds would be used to appoint a full-time Pro Bono Coordinator; fill 18 positions to provide pre-filing pro se assistance and pro se examination; and expand the existing AIA pro bono program to cover all 50 states. This initiative relates to *Executive Action No. 7*, and the Administration is calling on members of the patent bar to participate in the program. This initiative complements the assistance currently being provided by the USPTO's Office of Innovation Development.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$ 1,364	\$ 1,878	\$ 1,958	\$ 2,040	\$ 2,124
FTE	13	18	18	18	18

Statement of Need and Economic Benefit

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

The quality of application review is critical to ensure the value of an issued patent. Without well-defined claims, for example, the value of a patent is uncertain. Uncertainty means there is a risk that a patent is invalid, does not cover the patentee's product, or that a competitor

infringes the patent because they cannot determine its scope. Such patents exact a high cost by decreasing public confidence in the IP system. On the other hand, the economic value of a patent increases when its metes and bounds are clearly defined and consistently interpreted under the law. Clarity leads to certainty, which enables efficient and confident determination of value. This in turn creates high value for high quality patents and bolsters public confidence.

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

Sub-Program: Patent 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 2016:

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

PROGRAM CHANGE

Improve Appeal and Post-Grant Processes (+ \$7.8 million and +40 FTE): The USPTO requires an increase of \$7.8 million and 40 FTE for a total of \$97.2 million and 472 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 inventions are developed commercially, they create jobs for the companies that are marketing those inventions, and for their suppliers, distributors and retailers. Proper and promptly-issued patents are vital to the growth of the economy.

Proposed Action

The PTAB is an administrative tribunal that consists of APJs who conduct AIA trials and review appeals cases and decide to affirm, reverse, or affirm in part a rejection in a patent application under appeal. The PTAB also reviews AIA petitions requesting institution of a trial, provides written notice of its determination whether to institute trial, and issues final written decisions with respect to the patentability of challenged claims and any proposed substitute claims. The PTAB must manage pendency for three different activities: the AIA trials which, by statute, must be adjudicated within one year of the institution of a trial; re-examination appeals which, by statute, must be completed with "special dispatch"; and ex parte appeals. There is no timeliness requirement for 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. This requirement outlines a consolidated effort to increase PTAB capacity, increase PTAB productivity and quality, and optimize workflow.

PTAB Production and AIA Workload. Funds are required to continue addressing the results of historic growth in workload, due in part to the Agency's hiring of more patent examiners and implementation of the AIA patent reform legislation, which created new programs to be administered by the USPTO and changed some existing programs. Under the AIA, the PTAB is required to conduct four new or different trial proceedings: *Inter partes* reviews, derivation proceedings, 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 needed to meet the statutory timeline requirements and reduce ex parte appeal pendency. To meet the increasing workload in both ex parte appeals and AIA proceedings, in addition to hiring APJs, to assist the APJs, the PTAB plans to hire 10 Patent Attorneys in FY 2016.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
	(actual)						
APPEALS							
Incoming ex parte appeals	9,949	11,000	11,550	12,128	12,734	13,371	14,039
Appeals decided	9,880	12,054	13,716	15,198	15,684	15,192	14,586
Appeal inventory change	69	(1,054)	(2,166)	(3,070)	(2,950)	(1,821)	(547)
Appeal inventory at the end of fiscal year	25,506	24,452	22,286	19,216	16,266	14,445	13,898
Average ex parte Appeal pendency (months)	26	25	20	15	13	12	12
AIA PETITIONS/TRIALS							
AIA Petitions Filed	1,494	2,000	2,260	2,554	2,886	3,261	3,685
Trial completion period (months)	12	12	12	12	12	12	12
ADMINISTRATIVE PATENT JUDGES							
New Hire APJs	44	60	60	30	15	15	15
APJs at FY end	205	247	293	307	306	306	305

To address this increase in growth rate, the staffing needs for FY 2016 and beyond are established to meet the statutory time requirements. Without the FY 2016 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 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$6,376	\$14,828	\$17,142	\$17,828	\$18,526
FTE	34	78	90	95	100

Note: Because there are a significant number of recent changes that are impacting PTAB workload, workload and budgetary estimates are continually evolving. The above amounts reflect the latest projection; however, they are not reflected in the Exhibits in this Budget.

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 many patents 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 the Balanced Scorecard that accompanies the *USPTO 2014-2018 Strategic Plan*.

Sub-Program: Patent Information Resources

The Patent Information Resources sub-program contributes to the accomplishment of the strategic goal to optimize patent quality and timeliness through the following objective for which funds are required in FY 2016:

- Ensure Optimal Information Technology Service Delivery to All Users

PROGRAM CHANGE

Patent Information Resources (-\$25.5 million): The USPTO requires a decrease of \$25.5 million for a total of \$215.1 million and 199 FTE for the Patent IT Portfolio.

Proposed Action

Patent Business Projects. By FY 2016, version 1.0 of the new PE2E capability will be deployed to all patent examiners. This milestone 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.

Enhanced capabilities and integration with other office automated information systems are planned for PTAB's Patent Review Processing System (PRPS) in FY 2015 and FY 2016.

The reduction in this area will allow for reinvestment of IT funds to other high priority initiatives, and ensure the continued cost-effectiveness of the USPTO's IT program. Without this reinvestment of funds, the effective implementation of critical IT systems, which are an essential component in accomplishment of strategic goals, could be jeopardized,.

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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$(25,514)	\$(86,250)	\$(95,356)	\$(100,495)	\$(104,625)
FTE	-	-	-	-	-

Statement of Need and Economic Benefit

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

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

Schedules/Milestones/Deliverables. Detailed information regarding schedules, milestones, and deliverables can be found in the USPTO's Exhibit 300 submissions that are located on the Federal IT Dashboard 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	5	55,112	275,560
Patent Examiner	Alexandria, VA	GS 7	105	68,261	7,167,405
Patent Examiner	Alexandria, VA	GS 9	83	77,630	6,443,290
Patent Examiner	Alexandria, VA	GS 11	53	84,718	4,490,054
Patent Examiner	Alexandria, VA	GS 12	2	91,761	183,522
Patent Examiner	Alexandria, VA	GS 13	1	109,117	109,117
Patent Examiner	Alexandria, VA	GS 14	1	128,941	128,941
Patent Examiner Attritions	Alexandria, VA	Avg GS 11	-345	83,713	(28,880,985)
Quality Initiative Reviewers	Alexandria, VA	Avg GS	80	84,825	6,786,000
Pro Bono Pro Se Coordinators	Various	GS	18	78,000	1,404,000
Outreach Coordinators	Various	GS	4	62,800	251,200
Administrative Patent Judges	Various	GS SES	60	160,368	9,622,080
Patent Attorney	Alexandria, VA	GS 14	10	120,429	1,204,290
Paralegal Specialist	Alexandria, VA	GS 12	1	75,621	75,621
Paralegal Specialist	Alexandria, VA	GS 11	7	71,504	500,528
Support Services Assistant	Alexandria, VA	GS 7	1	48,315	48,315
Data Analyst	Alexandria, VA	GS 12	1	85,703	85,703
Total			87		9,894,641
Less Average Lapse		47%	19		4,627,740
Total full-time permanent (FTE)			68		5,266,901
2015 Pay Adjustment	1.0%				52,672
2016 Pay Adjustment	1.3%				69,158
TOTAL					5,388,731
Personnel Data			Number		
Full-Time Equivalent Employment					
Full-time permanent			68		
Other than full-time permanent			-		
Total			68		
Authorized Positions:					
Full-time permanent			87		
Other than full-time permanent			-		
Total			87		

Exhibit 15

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

Activity: Patents
Subactivity:

Object Class	2016 Increase
11 Personnel compensation	
11.1 Full-time permanent	5,389
11.3 Other than full-time permanent	
11.5 Other personnel compensation	2,822
11.8 Special personnel services payments	
11.9 Total personnel compensation	8,210
12 Civilian personnel benefits	1,410
13 Benefits for former personnel	
21 Travel and transportation of persons	3,526
22 Transportation of things	(16)
23.1 Rental payments to GSA	-
23.2 Rental payments to others	4
23.3 Communications, utilities and miscellaneous charges	184
24 Printing and reproduction	5,723
25.1 Advisory and assistance services	(2,301)
25.2 Other services	670
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	3,692
25.8 Subsistence and support of persons	
26 Supplies and materials	1,521
31 Equipment	(26,875)
32 Lands and structures	-
33 Investments and loans	
41 Grants, subsidies and contributions	
42 Insurance claims and indemnities	-
43 Interest and dividends	-
44 Refunds	(48)
99 Total obligations	(4,298)

TRADEMARK PROGRAM

Exhibit 10 – Program Performance: Total Obligations

Department of Commerce
U.S. Patent and Trademark Office

TRADEMARK PROGRAM

PROGRAM AND PERFORMANCE: TOTAL OBLIGATIONS

(Dollar amounts in thousands)

Activity: Trademark Program
Subactivity: Trademarks

Sub-Activity:		FY 2014		FY 2015 Current Plan		FY 2016 Base		FY 2016 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Trademark Examining	Pos./Obl	675	104,090	718	114,928	718	121,598	765	123,703	47	2,104
	FTE	637		688		708		730		22	
Trademark Appeals and Inter Partes Proceedings	Pos./Obl	72	11,187	76	12,409	76	13,291	78	13,647	2	356
	FTE	64		71		76		77		2	-
Trademark Information Resources	Pos./Obl	78	56,234	83	65,148	84	66,701	88	48,096	4	(18,605)
	FTE	71		80		83		85		2.00	-
Subtotal Direct	Pos./Obl	825	171,511	877	192,485	878	201,590	931	185,445	53	(16,145)
	FTE	772		839		867		893		25	
Management Goal Allocated	Pos./Obl	147	91,291	166	106,230	164	110,368	179	115,369	14	5,001
	FTE	116		148		158		169		11	-
Total	Pos./Obl	972	262,802	1,043	298,715	1,042	311,958	1,109	300,814	67	(11,144)
	FTE	888		987		1,025		1,061		36	

Exhibit 12 – Justification of Trademark Program and Performance

BUDGET PROGRAM: Trademark Program

For FY 2016, the USPTO requires a decrease of \$11.1 million and increase of 36 FTE over the FY 2016 base for a total of \$300.8 million and 1,061 FTE for the Trademark Program.

PROGRAM BUDGET PROFILE (Dollars in thousands)							
Funding Requirements by Sub Program	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Trademark Examining	\$104,090	\$114,928	\$123,703	\$131,578	\$139,278	\$147,645	\$156,247
Trademark Appeals and Inter Partes Proceedings	\$11,187	\$12,409	\$13,647	\$14,140	\$14,524	\$14,914	\$15,311
Trademark Information Resources	\$56,234	\$65,148	\$48,096	\$48,540	\$45,953	\$46,316	\$46,391
Management Goal Allocated	\$91,291	\$106,230	\$115,369	\$102,700	\$103,434	\$100,597	\$100,415
TOTAL	\$262,802	\$298,715	\$300,814	\$296,958	\$303,190	\$309,472	\$318,364
FTE	888	987	1,061	1,113	1,158	1,208	1,256

PROGRAM JUSTIFICATION

Trademark Program Overview

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

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

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

- Maintain Trademark First Action Pendency on Average between 2.5-3.5 Months with 12.0 Months Final Pendency.
 - Met 2014 pendency targets, with average first action pendency at 3.0 months and average total pendency at 9.8 months.
 - Hired 30 examiners to address the almost five percent increase in trademark filings in FY 2014, with plans to continue hiring in the out years to ensure that examination capacity is aligned with incoming work.
 - On-going is that Trademark pendency is reduced for those who choose to file electronically. Electronic filing and communications improve the quality of information and reduce processing time resulting in improved quality and timeliness. Applications and pendency are reported on the Trademark Dashboard by method of filing: via the electronic Trademark Electronic Application System (TEAS or TEAS plus), Madrid Protocol, or paper.

- Maintain High Trademark Quality.
 - Continued measuring First Action quality through an evaluation of all issues involved in making a first action substantive decision on the registrability of a mark.
 - Met all three quality targets; evidence that the specialized training, online tools, and enhanced communication efforts are proving effective.

- Ensure Optimal IT Service Delivery to All Users.
 - Work is under way to complete the major features that were planned and scheduled to deliver a replacement to First Action System for Trademarks (FAST 1), the system used by Examining Attorneys to access electronic files, and to search, examine and take action on pending applications.
 - Work continued on the development and deployment of the next generation of Trademark's IT Services.
 - Continued to operate Legacy systems effectively, and continued to release enhancement and maintenance projects.

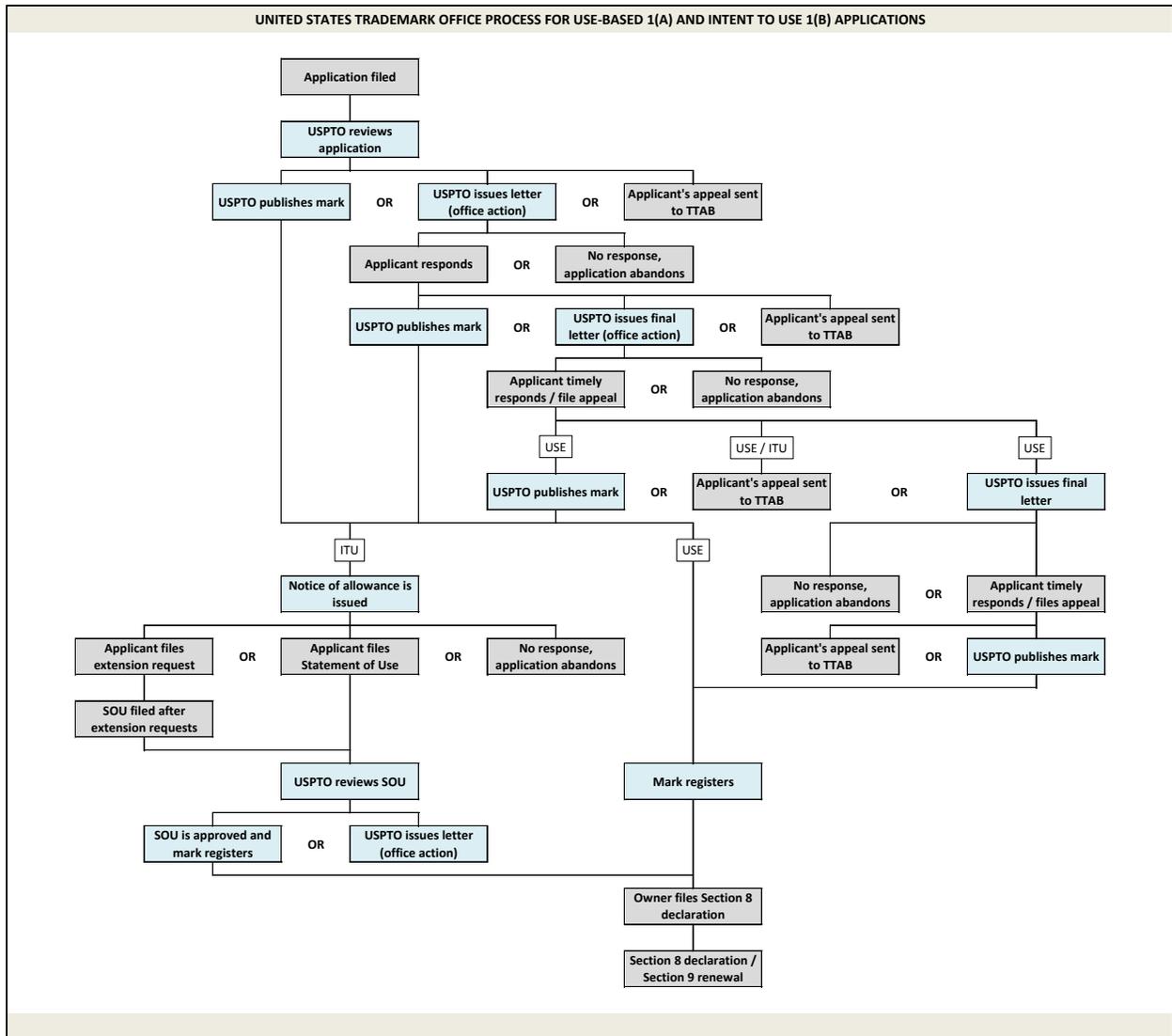
- Continue and Enhance Stakeholder and Public Outreach.
 - Expanded outreach to stakeholders and trademark owners via 58 educational events in conjunction with the International Trademark Association (INTA), and 12 instructional videos.
 - Conducted the annual Law School Clinic program, and expanded the program to include 39 colleges and universities that have a trademark practice.
 - Held a roundtable to seek public feedback on the "Specimen Project," a pilot designed to determine the accuracy of identification of goods and services related to the marks in use. Issued a preliminary report in July, and held a roundtable in December to discuss the results.

- Enhance Operations of Trademark Trial and Appeal Board (TTAB).
 - Revised the reporting of the average time to issue final decisions on the TTAB's web page, and reduced pendency in three categories: appeals, trial cases and Accelerated Case Resolution (ACR) trial cases.
 - Issued 45 precedential decisions.
 - Held a roundtable with stakeholders to discuss possible changes to appeal and trial case procedures that could result in reduced overall processing time.

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 (\$121.6 million and 708 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: \$9.9 million and 65 FTE

More than 99 percent of trademark applications for registration of a mark are currently filed electronically, and 80 percent are processed electronically from receipt to final disposition.

When an application is received at the USPTO, it is subject to a quality review process. In that process the electronically tagged application data is reviewed to add the international classification and design search codes that facilitate searching and examination. The tagged data in a trademark application is transferred automatically to the appropriate data fields in trademark electronic automated systems. Trademark automated systems are the source for application data that is used in the processing, examination, and maintenance of registered trademarks; and the information that is made available to the public through www.uspto.gov. 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: \$108.5 million and 614 FTE

One of the approximately 420 Trademark examining attorneys will determine if the mark in each newly filed application is entitled to registration under the provisions of the Trademark Act of 1946, as amended. As part of the process, the examining attorney conducts a search of prior filed and registered marks to evaluate if a conflict exists between the mark in the application and a previously filed application or registration. Examining attorneys evaluate many types of marks, such as trademarks, service marks, certification marks, and collective membership marks against the criteria for registrability set out in the Trademark Act of 1946, as amended, and make a determination to approve or deny an application for registration. The examining attorney searches a database of more than two million registered marks and 440,000 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: \$3.2 million and 29 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 (\$13.3 million and 76 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 (\$66.7 million and 83 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 (\$110.4 million and 158 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 38 FTEs and \$13.2 million to fund adjustments to current programs for the Trademark Program activities. This increase will provide the annualization of the FY 2015 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 10-11, and on the Data Visualization Center at <http://www.uspto.gov/about/stratplan/dashboards.jsp>.

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

Exhibit 13

Department of Commerce
U.S. Patent and Trademark Office
**TRADEMARK PROGRAM
INCREASES FOR 2016**
(Dollar amounts in thousands)

		2016 Base		2016 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Direct Total, Trademark Program	<i>Pos./Obl.</i>	878	201,590	931	185,445	53	(16,145)
	<i>FTE</i>	867		893		25	
<i>Trademark Examining</i>	<i>Pos./Obl.</i>	718	121,598	765	123,703	47	2,104
	<i>FTE</i>	708		730		22	
Trademark Workload	<i>Pos./Obl.</i>					47	2,104
	<i>FTE</i>					22	
<i>Trademark Trial and Appeals</i>	<i>Pos./Obl.</i>	76	13,291	78	13,647	2	356
	<i>FTE</i>	76		77		2	
TTAB Staffing	<i>Pos./Obl.</i>					2	356
	<i>FTE</i>					2	
<i>Trademark Information Resources</i>	<i>Pos./Obl.</i>	84	66,701	88	48,096	4	(18,605)
	<i>FTE</i>	83		85		2	
Trademark Business Projects	<i>Pos./Obl.</i>					4	(18,605)
	<i>FTE</i>					2	

Department of Commerce
 U.S. Patent and Trademark Office
TRADEMARK PROGRAM
INCREASES FOR 2016 - 2020
 (Dollar amounts in thousands)

		FY 2016 Increase (Decrease)		FY 2017 Increase (Decrease)		FY 2018 Increase (Decrease)		FY 2019 Increase (Decrease)		FY 2020 Increase (Decrease)	
		Personnel	Amount								
Direct Total, Trademark Program	Pos./Obl. FTE	53 25	(16,145)	104 77	(11,505)	147 122	(10,372)	204 171	(5,499)	241 218	(899)
<i>Trademark Examining</i>	<i>Pos./Obl. FTE</i>	<i>47 22</i>	<i>2,104</i>	<i>95 69</i>	<i>7,217</i>	<i>135 111</i>	<i>11,967</i>	<i>191 158</i>	<i>17,489</i>	<i>227 204</i>	<i>23,013</i>
Trademark Workload	Pos./Obl. FTE	47 22	2,104 -	95 69	7,217	135 111	11,967	191 158	17,489	227 204	23,013
<i>Trademark Trial and Appeals</i>	<i>Pos./Obl. FTE</i>	<i>2 2</i>	<i>356</i>	<i>3 3</i>	<i>714</i>	<i>4 4</i>	<i>962</i>	<i>5 5</i>	<i>1,214</i>	<i>6 6</i>	<i>1,471</i>
TTAB Staffing	Pos./Obl. FTE	2 2	356 -	3 3	714	4 4	962	5 5	1,214	6 6	1,471
<i>Trademark Information Resources</i>	<i>Pos./Obl. FTE</i>	<i>4 2</i>	<i>(18,605)</i>	<i>6 5</i>	<i>(19,437)</i>	<i>8 7</i>	<i>(23,301)</i>	<i>8 8</i>	<i>(24,202)</i>	<i>8 8</i>	<i>(25,382)</i>
Trademark Business Projects	Pos./Obl. FTE	4 2	(18,605) -	6 5	(19,437)	8 7	(23,301)	8 8	(24,202)	8 8	(25,382)

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 2016:

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

PROGRAM CHANGE

Trademark Examining (+\$2.1 million and +22 FTE): The USPTO requires an increase of \$2.1 million and 22 FTE for a total of \$123.7 million and 730 FTE to align trademark application examination capacity with estimated workloads. The addition of 37 trademark examining attorneys 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 2014 through FY 2020, the Trademark organization projects a workload increase of 51 percent.

Filings of new applications are expected to increase on average by about six to eight percent year over year. To handle the expected increase in workloads, the Office plans to increase its staff by a net total of 47 positions consisting of new examining attorney positions, as well as support and specialized positions. Offsetting the incremental costs, the Office expects to manage overtime usage through timely hiring and by setting appropriate levels of production incentives.

The Trademark organization is making good use of its electronic systems and is successfully motivating applicants to conduct correspondence electronically. 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 2016.

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

Proposed Action

The Trademark Examining program change will enable the USPTO to maintain trademark pendency at the current levels, particularly first action pendency, by addressing the need to balance forecasted new filings and workload (application classes are projected to increase about five percent in FY 2014 and FY 2015 and by six to eight percent each year beyond FY 2015), existing inventories, and examination capacity.

Trademark Workload. The Trademark organization requires an increase of \$2.1 million and 22 FTE for a total of \$123.7 million and 730 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 51 percent increase in annual trademark application filings from FY 2014 to FY 2020 requires a corresponding 50 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 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$2,104	\$7,217	\$11,967	\$17,489	\$23,013
FTE	22	61	103	150	196

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 2016:

- Enhance Operations of the Trademark Trial and Appeal Board

PROGRAM CHANGE

TTAB Staffing (+\$0.4 million and +2 FTE): The USPTO requires an increase of \$0.4 million and 2 FTE for a total of \$13.6 million and 77 FTE.

Proposed Action

TTAB Staffing. In FY 2016, the Trademark Program requires an increase of \$0.4 million and 2 FTE for 2 Administrative Trademark Judges to handle projected workload increases in FY 2016 and beyond, primarily from anticipated growth in ex parte appeals and trial cases. This growth is the result of 1) actual and projected increased filings of trademark applications dating to FY 2011, and 2) shifting to alternate work models as new rules (to be pursued in FY 2015) are implemented to increase process efficiencies. The latter will entail more hands-on case management to ensure that appeals and trial cases are completed in shorter time periods, and may lead to a higher percentage of trial cases being decided on the merits, rather than settled because of expense of litigation considerations. While the Board actively encourages settlement talks in trial cases, it also promotes process and procedure changes that will allow parties to pursue decisions on the merits, when desired, without being priced out of the process.

Figure 1: TTAB Projected Workload – FY 2014 through FY 2020

	FY 2014 Actual	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected
Trademark Filings	455,017	483,000	516,000	558,000	601,000	647,000	689,000
Appeals	2,794	2,906	3,080	3,296	3,592	3,916	4,268
% change	4	4	6	7	9	9	9
Oppositions	5,509	5,784	6,247	6,685	7,152	7,510	7,961
% change	4	5	8	7	7	5	6
Cancellations	1,722	1,774	1,863	2,030	2,152	2,325	2,463
% change	14	3	5	9	6	8	6

In addition, TTAB anticipates needing additional judges to maintain the Board's 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 in FY 2016 and beyond.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$356	\$714	\$962	\$1,214	\$1,471
FTE	2	3	4	5	6

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 10-12 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 2016:

- Ensure Optimal IT Service Delivery to All Users

PROGRAM CHANGE

Trademark Information Resources (-\$18.6 million and 2 FTE): The USPTO requires a decrease of \$18.6 million and an increase of 2 FTE for a total of \$48.1 million and 85 FTE for the Trademark share of its CIF.

Proposed Action

Trademark Business Projects. In FY 2016, the Trademark Program requires a decrease of \$18.6 million for its business projects.

The reduction in this area will allow for reinvestment of IT funds to other high priority initiatives, and ensure the continued cost-effectiveness of USPTO's IT program. Without this reinvestment of funds, the effective implementation of critical IT systems, which are an essential component in accomplishment of strategic goals, could be jeopardized.

In addition, the Trademark organization continues to require additional positions and FTE to help support Trademark staff that utilizes automated systems.

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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$(18,605)	\$(19,437)	\$(23,301)	\$(24,202)	\$(25,382)
FTE	2	5	7	8	8

Statement of Need and Economic Benefit

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

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

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

Exhibit 14

PROGRAM CHANGE PERSONNEL DETAIL

Activity: Trademarks

Subactivity:

Title:	Location	Grade		Number of Positions	Annual Salary	Total Salaries
TM Examiner Attorney	Alexandria, VA	GS 11		48	69,400	3,331,200
TM Supervisory Attorney / Group Director	Alexandria, VA	GS 15		3	137,494	412,482
TM Staff / ID Class Attorney	Alexandria, VA	GS 15		2	124,995	249,990
TM Leg Instrument Exmr (LIE)	Alexandria, VA	GS 8		1	47,212	47,212
TM Exam Admin Support	Alexandria, VA	GS 9		1	52,146	52,146
Librarian	Alexandria, VA	GS 11		2	69,400	138,800
TM Business Operations Specialist	Alexandria, VA	GS 11		4	89,924	359,696
TM Att Adv. Outreach	Alexandria, VA	GS 11		1	63,091	63,091
TM Examiner Attorney Attritions	Alexandria, VA	Avg GS 14		(11)	88,057	(968,627)
TTAB Administrative Trademark Judge (ATJ)	Alexandria, VA	AA 5		2	167,000	334,000
Total				53		4,019,990
less Lapse		51%		28		2,040,412
Total full-time permanent (FTE)				25		1,979,578
2015 Pay Adjustment	1.0%					19,795
2016 Pay Adjustment	1.3%					25,991
TOTAL						2,025,365
Personnel Data				Number		
Full-Time Equivalent Employment						
Full-time permanent				25		
Other than full-time permanent				-		
Total				25		
Authorized Positions:						
Full-time permanent				53		
Other than full-time permanent				-		
Total				53		

Exhibit 15

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

Activity: Trademarks
Subactivity:

Object Class	2016 Increase
11 Personnel compensation	
11.1 Full-time permanent	2,025
11.3 Other than full-time permanent	
11.5 Other personnel compensation	86
11.8 Special personnel services payments	
11.9 Total personnel compensation	<u>2,112</u>
12 Civilian personnel benefits	609
13 Benefits for former personnel	
21 Travel and transportation of persons	2
22 Transportation of things	(0)
23.1 Rental payments to GSA	-
23.2 Rental payments to others	1
23.3 Communications, utilities and miscellaneous charges	(1)
24 Printing and reproduction	(5)
25.1 Advisory and assistance services	(305)
25.2 Other services	631
25.3 Purchases of goods & services from Gov't accounts	(102)
25.4 Operation and maintenance of facilities	
25.5 Research and development contracts	
25.6 Medical care	
25.7 Operation and maintenance of equipment	(3,063)
25.8 Subsistence and support of persons	
26 Supplies and materials	28
31 Equipment	(16,050)
32 Lands and structures	-
33 Investments and loans	
41 Grants, subsidies and contributions	
42 Insurance claims and indemnities	-
43 Interest and dividends	-
44 Refunds	(2)
99 Total obligations	<u>(16,145)</u>

**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 2014		FY 2015 Current Plan		FY 2016 Base		FY 2016 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Policy, External Affairs and Administrative Support	Pos./Obl	105	18,548	110	22,159	110	25,326	110	25,326	-	-
	FTE	92		91		110		110		-	-
Global Intellectual Property Academy (GIPA)	Pos./Obl	21	2,492	22	4,869	22	5,231	22	5,231	-	-
	FTE	0		20		22		22		-	-
IPR Attaché Program	Pos./Obl	4	9,607	2	13,188	2	13,397	2	13,397	-	-
	FTE	0		2		2		2		-	-
IP PP&E Information Resources	Pos./Obl	0	1,913	0	1,861	0	1,891	0	1,934	-	44
	FTE	0		0		0		0		-	-
Subtotal Direct	Pos./Obl	130	32,559	134	42,076	134	45,845	134	45,889	-	44
	FTE	92		113		134		134		-	-
Management Goal - Allocated	Pos./Obl	57	16,905	64	20,470	63	21,199	65	21,644	2	445
	FTE	39		51		54		56		1	-
Total	Pos./Obl	188	49,464	198	62,546	197	67,045	199	67,533	2	489
	FTE	131		165		188		190		1	-

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

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

For FY 2016, the USPTO requires an increase of \$.5 million and 1 FTE from the FY 2016 base for a total of \$67.5 million and 190 FTE for the IP PP&E Program.

PROGRAM BUDGET PROFILE							
(Dollars in thousands)							
Funding Requirements by Sub Program	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Policy, External Affairs and Administrative Support	\$18,548	\$22,159	\$25,326	\$25,611	\$25,912	\$26,218	\$26,527
Global Intellectual Property Academy (GIPA)	\$2,492	\$4,869	\$5,231	\$5,294	\$5,361	\$5,429	\$5,499
IPR Attaché Program	\$9,607	\$13,188	\$13,397	\$13,596	\$13,825	\$14,057	\$14,293
IP PP&E Information Resources	\$1,913	\$1,861	\$1,934	\$1,092	\$1,083	\$1,091	\$1,088
Management Goal - Allocated	\$16,905	\$20,470	\$21,644	\$20,729	\$20,921	\$21,030	\$21,164
TOTAL	\$49,464	\$62,546	\$67,533	\$66,322	\$67,102	\$67,825	\$68,570
FTE	131	165	190	190	190	190	190

PROGRAM JUSTIFICATION

IP PP&E Program Overview

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

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

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

- Provide Leadership and Education on IP Policy and Awareness.
 - Expanded outreach and focused study, launched an online toolkit to help small businesses deal with abusive demand letters. Also playing a lead role in interagency consultations and briefings on proposed legislation on patent assertion entity (PAE) abusive patent litigation practices. [*Executive Action #4*]
 - Engaged with interagency White House Task Force on High-Tech Patent Issues.
 - With the National Telecommunications & Information Administration (NTIA), solicited comments on topics raised in the Copyright Green Paper.
 - Presented 11 education programs to Small to Medium-Sized Enterprises (SMEs), with approximately 1,000 attendees.
 - Released an updated version of the Trademark Case Files Dataset; issued three working papers on IP issues; selected three Edison Research Fellows.
 - Hosted distance learning modules, available in seven languages, on the USPTO website.
 - Engaged the services of six visiting scholars who worked at the USPTO on IP-related topics at different times throughout the year.

- Provide Leadership and Education on International Agreements and Policies for Improving the Protection and Enforcement of IP Rights.
 - Provided IP policy guidance and recommendations for trade agreement negotiations.
 - Led the U.S. delegations in meetings and negotiations of proposed treaties at various WIPO bodies.
 - Implemented the Global PPH and the IP5³ PPH pilot programs in January 2014, with participation from 18 patent offices.
 - Continued progress toward providing examiner access to the Global Dossier
 - Supported implementing existing bilateral and multilateral agreements by engaging with counterparts in five Central and South American countries.
 - Continued providing technical IP expertise to the U. S. Trade Representative (USTR) regarding the Trans-Pacific Partnership and the Trans-Atlantic Trade and Investment Partnership.
 - Consulted with Congress on implementing legislation for the Hague Design Treaty and the Patent Law Treaty.
 - Worked with the State IP Office of the People's Republic of China (SIPO) on implementing changes to patent examination guidelines.
 - Continued to place special emphasis on improvements in China; e.g., by conducting seminars and workshops.
 - Established the China Resource Center in April 2014.

Base Justification

Sub-Program #1: Policy, External Affairs and Administrative Support (\$25.3 million and 110 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

³ 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.

perform policy and representation work, and representation travel, as well as program analysts and a number of administrative support specialists who support the entire office.

Intellectual Property Policy

The USPTO, primarily through the OPIA, plays a critical role in the 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.

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

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

Chief Economist

The Chief Economist (CE) is the primary advisor to the Under Secretary regarding economic issues at the USPTO. The CE undertakes research that influences and guides USPTO regulatory initiatives and policy recommendations with respect to the broader functioning of IP systems. This involves long-term research and policy planning on an ongoing basis. The CE assists the USPTO and other USG agencies by evaluating market data and trends to assist in targeting examination, enforcement, and outreach resources. The CE also conducts research into the causes and consequences of significant developments in U.S. markets, prevailing practices among users and producers of IP, and U.S. IP policy.

Edison Visiting Scholars Program

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

Governmental Affairs (GA)

GA formulates legislative and policy proposals, and prepares supporting documentation to carry out the USPTO proposals. Staff also review and prepare analyses of legislative proposals concerning IP matters that originated in other executive agencies or that were proposed by members of Congress. GA prepares congressional testimony on IP for the Under Secretary and other USPTO and 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 #2: Global Intellectual Property Academy (GIPA) (\$5.2 million and 22 FTE)

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

Specific programs include:

- High-level capacity building and technical assistance training to foreign government officials (judges, prosecutors, customs officials, IP enforcement personnel, as well as officials from IP offices).
- Providing patent officials from other countries with patent examiner training at the Patent Training Academy with financial support from those countries.
- Conducting advanced trademark examination programs for examiners and senior officials from other IP offices including Brazil and India. These programs provide the officials with an in-depth analysis of the U.S. approach to the examination of trademark applications in order to strengthen the practices and procedures in other countries.
- Organizing and hosting capacity-building joint projects with organizations such as the Asia Pacific Economic Cooperation (APEC); the Association of South East Asian Nations (ASEAN); and the Pacific Islands Forum (PIF).
- Conducting programs on IP rights enforcement and the U.S. legal system for foreign government judges and prosecutors.
- Conducting an IP "boot camp" for U.S. small businesses including an IP "needs assessment" on patents, trade secrets, trademarks, copyright, IP and the Internet; and one-on-one consultations to assist businesses to protect themselves against IP theft from abroad, and to prepare themselves for exporting their goods or services.

- Offering online instruction and outreach through webinars and e-learning modules, providing easy, global access to information tools.

Sub-Program #3: Intellectual Property Rights (IPR) Attaché Program (\$13.4 million and 2 FTE)

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

Sub-Program #4: IP PP&E Information Resources (\$1.9 million)

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

Sub-Program #5: Management Goal – Allocated (\$21.2 million and 54 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 24 FTEs and \$4.4 million to fund adjustments to current programs for the IP PP&E Program activities. This increase will provide the annualization of

the FY 2015 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 10-11, and on the Data Visualization Center at <http://www.uspto.gov/about/stratplan/dashboards.jsp>

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

Exhibit 13

Department of Commerce
 U.S. Patent and Trademark Office
INTELLECTUAL PROPERTY POLICY PROTECTION & ENFORCEMENT
INCREASES FOR 2016
 (Dollar amounts in thousands)

		2016 Base		2016 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Direct Total, Intellectual Property Policy, Protection and Enforcement Program	Pos./Obl.	134	45,845	134	45,889	-	44
	FTE	134		134		-	
<i>IP PP&E Information Resources</i>	<i>Pos./Obl.</i>	-	1,891	-	1,934	-	44
	<i>FTE</i>	-		-		-	-
IP PP&E Business Projects	Pos./Obl.					-	44
	FTE					-	

**INTELLECTUAL PROPERTY POLICY PROTECTION & ENFORCEMENT
INCREASES FOR 2016 - 2020**
(Dollar amounts in thousands)

		FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
		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.	-	44	-	(827)	-	(869)	-	(894)	-	(931)
	FTE	-		-		-		-		-	
<i>IP PP&E Information Resources</i>	<i>Pos./Obl.</i>	-	44	-	(827)	-	(869)	-	(894)	-	(931)
	<i>FTE</i>	-	-	-	-	-	-	-	-	-	-
IP PP&E Business Projects	Pos./Obl.	-	44	-	(827)	-	(869)	-	(894)	-	(931)
	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 2016:

- Leverage IT Investments to Achieve Business Results

Program Change

IP PP&E Information Resources (+\$0.04 million): The USPTO requires a nominal increase of \$0.04 million for a total of \$1.9 million for its CIF.

Proposed Action

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

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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$44	\$(827)	\$(869)	\$(894)	\$(931)
FTE	-	-	-	-	-

Statement of Need and Economic Benefit

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

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

Schedules/Milestones/Deliverables. Detailed information regarding schedules, milestones, and deliverables can be found in the USPTO’s Exhibit 300 submissions that are located on the Federal IT Dashboard 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		-
2015 Pay Adjustment		1.0%			-
2016 Pay Adjustment		1.3%			-
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	2016 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	1
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	45
25.8 Subsistence and support of persons	
26 Supplies and materials	-
31 Equipment	(3)
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	44

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MANAGEMENT PROGRAM

Exhibit 10 – Program Performance: Total Obligations

Department of Commerce
U.S. Patent and Trademark Office
MANAGEMENT PROGRAM

PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Management
Subactivity: Program
Achieve Organization Excellence

Sub-Activity:	FY 2014		FY 2015 Current Plan		FY 2016 Base		FY 2016 Estimate		Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction and Communications	Pos./Obl	56 4,827	64 8,076	64 8,439	64 8,439	-	-	-	-	-
	FTE	25 -	41 -	45 -	45 -	-	-	-	-	-
Financial Management Services	Pos./Obl	120 22,404	127 28,091	127 28,693	127 28,123	-	(570)	-	-	-
	FTE	104 -	121 -	122 -	122 -	-	-	-	-	-
Human Resource Management and Administrative Services	Pos./Obl	240 38,242	242 50,347	242 53,255	253 54,605	11	1,349	11	-	-
	FTE	187 -	221 -	239 -	250 -	11	-	11	-	-
Legal Services	Pos./Obl	119 19,404	129 24,266	129 25,189	133 25,732	4	543	3	-	-
	FTE	104 -	122 -	126 -	129 -	3	-	3	-	-
Management Information Resources	Pos./Obl	44 49,512	52 76,378	56 78,359	56 56,235	-	(22,124)	-	-	-
	FTE	40 -	49 -	54 -	54 -	-	-	-	-	-
IT Infrastructure and IT Support Services	Pos./Obl	500 353,904	592 384,542	577 402,109	657 438,410	80	36,301	80	-	-
	FTE	379 -	510 -	557 -	615 -	80	-	80	-	-
Miscellaneous General Expense	Pos./Obl	- 268,691	- 250,562	- 257,816	- 272,094	-	14,278	-	-	-
	FTE	- -	- -	- -	- -	-	-	-	-	-
Total	Pos./Obl	1,079 756,983	1,206 822,263	1,195 853,860	1,290 883,637	95	29,776	95	-	-
	FTE	839 -	1,064 -	1,142 -	1,214 -	95	-	95	-	-

Sub-Activity:	FY 2014		FY 2015 Current Plan		FY 2016 Base		FY 2016 Estimate		Increase/ (Decrease)		
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	
Management Goal - Allocation:											
Patent Program	Pos./Obl	875	648,787	976	695,563	967	722,293	1,046	746,623	79	24,330
	FTE	684		866		930		990		60	
Trademark Program	Pos./Obl	147	91,291	166	106,230	164	110,368	179	115,369	14	5,001
	FTE	116		148		158		169		11	
IPPP&E Program	Pos./Obl	57	16,905	64	20,470	63	21,199	65	21,644	2	445
	FTE	39		51		54		56		1	
Total Management Goal Allocation	Pos./Obl	1,079	756,983	1,206	822,263	1,195	853,860	1,290	883,637	95	29,776
	FTE	839		1,064		1,142		1,214		72	

Exhibit 12 – Management Program and Performance

BUDGET PROGRAM: Management Program

For FY 2016, the USPTO requests a total of \$883.6 million and 1,214 FTE for the Management Program (including inflationary adjustments). This funding represents an increase of \$29.8 million and 72 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 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Executive Direction and Communications	\$4,827	\$8,076	\$8,439	\$8,536	\$8,639	\$8,743	\$8,849
Financial Management Services	\$22,404	\$28,091	\$28,123	\$28,633	\$27,621	\$28,183	\$26,210
Human Resource Management and Administrative Services	\$38,242	\$50,347	\$54,605	\$55,285	\$55,973	\$56,670	\$57,376
Legal Services	\$19,404	\$24,266	\$25,732	\$26,194	\$26,481	\$26,771	\$27,064
Management Information Resources	\$49,512	\$76,378	\$56,235	\$46,192	\$44,883	\$45,446	\$45,836
IT Infrastructure and IT Support Services	\$353,904	\$384,542	\$438,410	\$387,538	\$391,046	\$368,478	\$365,231
Miscellaneous General Expense	\$268,691	\$250,562	\$272,094	\$240,732	\$245,867	\$252,785	\$259,226
TOTAL	\$756,983	\$822,263	\$883,637	\$793,110	\$800,510	\$787,077	\$789,792
FTE	839	1,064	1,214	1,218	1,216	1,219	1,223

PROGRAM JUSTIFICATION

Management Program Overview

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

Fulfillment of the USPTO’s mission requires strong leadership and collaborative management. While the USPTO’s three strategic goals focus on its core mission, overarching management priorities focus on the shared responsibility that is a prerequisite for achieving those goals and objectives; namely, sound resource management, quality legal services, solid workforce planning, corporate support services, and effective use of IT.

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

- Leverage IT Investments to Achieve Business Results: Continued to develop the ability to conduct fully electronic dissemination interactions and increasing Web-conferencing capabilities.
 - Continued to deliver a new and enhanced website that provides a customer transactional portal and the ability to operate in a mobile environment.
 - Continued to evolve and improve IT infrastructure and services to be more modern, efficient, secure and available through the use of virtual and cloud capabilities.
 - Continued to provide transparent operations, processes, and information, striving toward 24/7/365 operational capability.
 - Continued working with business units to deliver cost-effective and seamless next generation systems that operate independently of legacy systems by FY 2018.

- Continue to Build and Maintain a Flexible, Diverse, and Engaged Workforce:
 - Increased the number of teleworkers to 9,650 employees working from home at least one day a week at the end of FY 2014.
 - Drafted an agency-wide People Plan to address future people challenges and demands; expected to be finalized by mid-FY 2015.
 - Administered and evaluated results of Employee Engagement Survey.
 - Implemented a Suggestion Zone program to solicit and act on employee input; received 200 suggestions.
 - Established a Career Advancement Opportunity Program, planned for a Senior Leadership Development Program, and an EEO Counselor training program.
 - Enhanced recruitment and hiring efforts by essentially meeting patent examiner hiring targets; recruiting veterans, including those with IT expertise; and streamlining the examiner hiring process.
 - Created an intra-Agency Labor-Management Forum in collaboration with the USPTO's three union bargaining units.
 - Formed the USPTO's 13th Affinity Group, and hosted a first Joint Installation and Recognition Event for Affinity Group leaders, volunteers and Executive Advisors.

- Enhance Internal and External Relations:
 - Increased education and outreach programs, established collaborations with stakeholders, and supported STEM initiatives. For example, partnered with the Girl Scouts to promote an understanding of IP rights and entrepreneurial tools; established a Women's Entrepreneur forum in Denver, Colorado; and conducted the inaugural National Teacher Professional Development Summer Institute for middle and high school teachers.
 - Collaborated with the National Oceanic and Atmospheric Administration (NOAA) to create a database of congressional contacts/correspondence to be leveraged by legislative affairs staff across the DOC.
 - Completed the acquisition process to consolidate multiple Help Desk services contracts under a single contract. Next steps are legal review, evaluation and contract award, with implementation of a consolidated center projected for FY 2016.
 - Signed an MOU with the Smithsonian Institution to deliver programs and exhibitions that pay tribute to the role of innovation in the American success story and the way that IP spurs creativity.

- Secure Sustainable Funding to Deliver Value to Fee-Paying Customers and the Public
 - Continued working with the Administration and Congress to transfer FY 2014 fee collections above the FY 2014 appropriated level from the PTFRF to the USPTO account, which was completed in early FY 2015.
 - Completed a fee-review process administrative order and on target to conduct a biennial USPTO fee review in FY 2015.
 - Continued to pursue tested private sector business tools, such as maintaining an operating reserve.
 - Utilized operating reserve balances to remain open through the Government shutdown in October 2013; expended balances were replenished upon enactment of the appropriation. Continuing work on an Operating Reserve Policy.
 - Continued to meet with the PPAC and TPAC on activity-based information.

- Establish Satellite Offices and a Regional Presence
 - Opened the Denver, Colorado Satellite Office in June 2014, and anticipate a spring 2015 opening in Silicon Valley, California and a fall 2015 opening in Dallas, Texas.
 - Strengthened the partnership with the Cornell New York City (NYC) Tech campus and hosted roundtables with area start-ups.

Base Justification

Sub-Program #1: Executive Direction and Communications (\$8.4 million and 45 FTE)

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

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

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

Sub-Program #2: Financial Management Services (\$28.7 million and 122 FTE)

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

- Ensuring that the USPTO's annual performance supports the strategic plan; the budget is efficiently and effectively formulated and executed to achieve optimal performance levels across all business units; and actionable information is provided to executive management.
- Awarding quality, fiscally-responsible, and timely procurement actions by anticipating and exceeding stakeholders' ever-changing needs with their knowledge of business practices and market dynamics, innovative strategies, and well-defined and standardized processes.
- Implementing and managing financial accounting and control systems, collecting financial data, and analyzing financial reports leading to sound financial decisions. As of FY 2014, these activities have enabled the USPTO to earn an unqualified audit opinion on its annual financial statements for 22 consecutive years, and the Association of Government

Accountants' Certificate of Excellence in Accountability Reporting award for 12 consecutive years.

Sub-Program #3: Human Resource Management and Administrative Services (\$53.3 million and 239 FTE)

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

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

Equal Employment Opportunity and Diversity (EEOD)

The promotion of EEO and a diverse, inclusive workforce is achieved by providing: reasonable accommodation of employees and job applicants with disabilities; sign language interpreting services, as needed; strategic affirmative employment programs; special emphasis programs; workforce diversity initiatives; EEO complaint processing, including alternative dispute resolution when applicable; and facilitating recruitment, development, and retention of a diverse and multicultural work force. The Office of EEOD partners with each USPTO business unit to maintain a fair and inclusive workforce. The organization reports directly to the Office of the Director and Deputy Director.

Sub-Program #4: Legal Services (\$25.2 million and 126 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 (\$78.4 million and 54 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 (\$402.1 million and 557 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 (\$257.8 million)

This sub-program entails cross-cutting services that affect all USPTO employees and/or operations, such as space rental, utilities, lease management, security, telecommunications, transportation, postage, and the USPTO’s participation in the DOC Working Capital Fund. It also includes funding for post-retirement benefits, whereby the USPTO is required to fund the present costs of post-retirement benefits for the Federal Employees Health Benefits (FEHB) Program, Federal Employees Group Life Insurance (FEGLI) Program, and the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS) pension liabilities. Funds for this purpose are paid to the Office of Personnel Management (OPM).

RISK ASSESSMENT

As the USPTO’s core mission activities continue to grow and have an ever-increasing impact on domestic and international economies, it is imperative that the USPTO 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 2016
(Dollar amounts in thousands)

		2016 Base		2016 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Total, Management Program	<i>Pos./Obl.</i>	1,195	853,860	1,286	883,637	91	29,776
	<i>FTE</i>	1,143		1,211		69	
Executive Direction and Communications	<i>Pos./Obl.</i>	64	8,439	64	8,439	-	-
	<i>FTE</i>	45		45		-	
Financial Management Services	<i>Pos./Obl.</i>	127	28,693	127	28,123	-	(570)
	<i>FTE</i>	122		122		-	
USPTO Contract Reductions	<i>Pos./Obl.</i>					-	(570)
	<i>FTE</i>					-	
Human Resources Management and Administrative Services	<i>Pos./Obl.</i>	242	53,255	253	54,605	11	1,349
	<i>FTE</i>	239		250		11	
Office of Administrative Services Staffing	<i>Pos./Obl.</i>					11	1,349
	<i>FTE</i>					11	
Legal Services	<i>Pos./Obl.</i>	129	25,189	133	25,732	4	543
	<i>FTE</i>	126		129		3	
Solicitor's Office Production and AIA Workload	<i>Pos./Obl.</i>					4	543
	<i>FTE</i>					3	
Management Information Resources	<i>Pos./Obl.</i>	56	78,359	56	56,235	-	(22,124)
	<i>FTE</i>	54		54		-	
Management Business Projects	<i>Pos./Obl.</i>					-	(22,124)
	<i>FTE</i>					-	

Exhibit 13 continued

		2016 Base		2016 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
<i>IT Infrastructure and IT Support Services</i>	<i>Pos./Obl.</i>	577		657		80	36,301
	<i>FTE</i>		402,109		438,410		
	IT Projects	557		615		58	
	<i>Pos./Obl.</i>					80	36,301
	<i>FTE</i>					58	
<i>Miscellaneous General Expense (MGE)</i>	<i>Pos./Obl.</i>	-		-		-	14,278
	<i>FTE</i>		257,816		272,094		
	Cross Cutting Services	-		-		-	
	<i>Pos./Obl.</i>					-	14,278
	<i>FTE</i>					-	

Department of Commerce
U.S. Patent and Trademark Office
MANAGEMENT PROGRAM
INCREASES FOR 2016 - 2020
(Dollar amounts in thousands)

		FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Total, Management Program	<i>Pos./Obl.</i>	95	29,776	95	(74,108)	95	(82,416)	95	(112,957)	95	(127,211)
	<i>FTE</i>	72		77		77		81		85	
Financial Management Services	<i>Pos./Obl.</i>	-	(570)	-	(399)	-	(1,776)	-	(1,583)	-	(3,931)
	<i>FTE</i>	-		-		-		-		-	
USPTO Contract Reductions	<i>Pos./Obl.</i>	-	(570)	-	(399)	-	(1,776)	-	(1,583)	-	(3,931)
	<i>FTE</i>	-		-		-		-		-	
Human Resources Management and Administrative Services	<i>Pos./Obl.</i>	11	1,349	11	1,402	11	1,416	11	1,430	11	1,444
	<i>FTE</i>	11		11		11		11		11	
Office of Administrative Services Staffing	<i>Pos./Obl.</i>	11	1,349	11	1,402	11	1,416	11	1,430	11	1,444
	<i>FTE</i>	11		11		11		11		11	
Legal Services	<i>Pos./Obl.</i>	4	543	4	736	4	743	4	750	4	758
	<i>FTE</i>	3		4		4		4		4	
Solicitor's Office Production and AIA Workload	<i>Pos./Obl.</i>	4	543	4	736	4	743	4	750	4	758
	<i>FTE</i>	3		4		4		4		4	
Management Information Resources	<i>Pos./Obl.</i>	-	(22,124)	-	(33,327)	-	(35,954)	-	(36,731)	-	(37,704)
	<i>FTE</i>	-		-		-		-		-	
Management Business Projects	<i>Pos./Obl.</i>	-	(22,124)	-	(33,327)	-	(35,954)	-	(36,731)	-	(37,704)
	<i>FTE</i>	-		-		-		-		-	

Department of Commerce
 U.S. Patent and Trademark Office
MANAGEMENT PROGRAM
INCREASES FOR 2016 - 2020
 (Dollar amounts in thousands)

		FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
<i>IT Infrastructure and IT Support Services</i>	<i>Pos./Obl.</i>	80	36,301	80	(20,291)	80	(23,798)	80	(53,496)	80	(63,989)
	<i>FTE</i>	58		62		62		66		70	
	IT Projects	80	36,301	80	(20,291)	80	(23,798)	80	(53,496)	80	(63,989)
		58		62		62		66		70	
<i>Miscellaneous General Expense (MGE)</i>	<i>Pos./Obl.</i>	-	14,278	-	(22,228)	-	(23,046)	-	(23,327)	-	(23,789)
	<i>FTE</i>	-		-		-		-		-	
	Cross Cutting Services	-	14,278	-	(22,228)	-	(23,046)	-	(23,327)	-	(23,789)
		-		-		-		-		-	

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 (-\$0.6 million): The Office of the Chief Financial Officer is planning for a reduction of \$0.6 million for a total of \$28.1 million and 122 FTE. This change represents a decrease in a workload surge first identified in FY 2013.

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

Proposed Action

USPTO Contract Reductions. In FY 2013, the OCFO held a customer service forum with internal agency stakeholders to begin to address the USPTO’s acquisition process. Based on feedback, the OCFO procured contractor resources in FY 2014 to overhaul the USPTO’s acquisition processes and procedures to meet the needs of a growing and innovating agency (e.g. business process reviews; system upgrades; development of policies, procedures, and user tools; staff training; etc.). In addition, the contractor resources were used to address dramatic increases in procurement workload due to increased IT investment, the USPTO’s satellite office expansion, and other strategic initiatives. For FY 2016 and FY 2017, the OCFO anticipates it will be able to absorb any inflationary growth within the initial funding level. In out years, as the office moves beyond the major workload surge associated with the improvement efforts and is able to right-size its federal staff, the OCFO anticipates it will be able to reduce funding down to \$2 million in each of FY 2018 and FY 2019, and eliminate the contract entirely by FY 2020.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$ (570)	\$ (399)	\$ (1,776)	\$ (1,583)	\$ (3,931)
FTE	-	-	-	-	-

Statement of Need and Economic Benefit

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

Schedules/Milestones/Deliverables – This proposed action is expected to be taken in FY 2016 through FY 2020.

Sub-Program: Human Resources Management and Administrative Services

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

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

PROGRAM CHANGE

HR Management and Administrative Services (+\$1.3 million and +11 FTE): The USPTO requires an increase of \$1.3 million and 11 FTE for a total of \$54.6 million and 250 FTE to provide a broad range of administrative and employee service programs that are responsive to the needs of the USPTO workforce.

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

Proposed Actions

Office of Administrative Services (OAS) Staffing. Funds are required for 11 FTE to provide a broad range of administrative and employee service programs that are responsive to the needs of the USPTO workforce, as follows:

Funds are required for the OAS to have a physical presence at each satellite location, working with the regional management on administrative responsibilities, such as personal property management; facility management, such as building issues and landlord contacts; conference services support; emergency response program coordinator duties; and safety officer functions. In addition, the office administrator will coordinate/lead all satellite office contractor-supported functions (e.g., overseeing the IT support contractors, managing the clerical support staff, etc.).

Funds are also required for OAS to handle moves in the Patent organization, whereby all moves of patent employees will be scheduled, coordinated, and completed by OAS staff. Responsibilities would include verifying space, developing move plans, preparing offices for moves (cleaning, shifting furniture, generating equipment requests, etc.), executing the moves, and following-up with the employees affected by the moves. Move requests and locations would remain a Patent organization responsibility, but the validation, preparation, coordination, execution, and follow-up responsibilities would reside within OAS.

Currently, events throughout the Alexandria campus, especially in the auditorium, building conference centers, and executive meeting rooms, are supported by various groups with resources pulled from throughout the USPTO. This has resulted in resource issues, scheduling conflicts, prioritization failures, and poor quality support provided to internal and external customers. Pursuant to the requirement that top-tier events have consistent support, OAS/Conference Services will assume responsibility for overall planning, and requires two positions to provide subject-matter expertise and oversight for the expanded role.

This initiative also funds an additional emergency management specialist. Currently, there is one emergency management specialist/program manager (Continuity of Operations (COOP) Manager) for the entire agency. With the satellite office sites and as the USPTO's population grows, there is a need to have additional emergency management expertise readily available to quickly and adequately respond to any type of incident, fire alarm, natural disaster, COOP incident, or emergency incident – whether at the Alexandria campus or at/near any of the satellite locations.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$ 1,349	\$ 1,402	\$ 1,416	\$ 1,430	\$ 1,444
FTE	11	11	11	11	11

Statement of Need and Economic Benefit

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

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

Sub-Program: Legal Services

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

Program Change

Legal Services (+\$0.5 million and +3 FTE): The USPTO requires an increase of \$0.5 million and 3 FTE for a total of \$25.7 million and 129 FTE to address current and projected workload. In particular, the Solicitor's Office (SO) must be staffed in such a manner to address increased 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 four 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)	\$543	\$736	\$743	\$750	\$758
FTE	3	4	4	4	4

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 2016:

- Leverage IT Investments to Achieve Business Results

PROGRAM CHANGE

Management Information Resources (-\$22.1 million): The USPTO requires a decrease of \$22.1 million for a total of \$56.2 million and 54 FTE for its business systems. This request supports the Department's Data and Operational Excellence strategic goals.

Proposed Action

Management Business Projects. A decrease of \$22.1 million is planned for FY 2016 for management information resources, which reflects the current status of the development of the Fee Processing Next Generation (FPNG) system.

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.

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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$(22,124)	\$(33,327)	\$(35,954)	\$(36,731)	\$(37,704)
FTE	-	-	-	-	-

Statement of Need and Economic Benefit

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

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

Schedules/Milestones/Deliverables. Detailed information regarding schedules, milestones, and deliverables can be found in the USPTO's Exhibit 300 submissions that are located on the Federal IT Dashboard 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 2016:

- Leverage IT Investments to Achieve Business Results

PROGRAM CHANGE

Improve IT Infrastructure and Tools (+\$36.3 million): The USPTO requires an increase of \$36.3 million for a total of \$438.4 million and 615 FTE for its IT infrastructure. This supports the Department's Data and Operational Excellence strategic goals.

Proposed Action

IT Projects. The required increase will allow for the hiring of additional staff to ensure the continued viability of the infrastructure enhancements and to support business modernization efforts. As a result of this hiring action in FY 2016, there is a related decrease in planned contractor support and funding in out years. Failure to approve this initiative will prevent the USPTO from investing in effective implementation of critical IT systems, which are an essential component in accomplishment of strategic goals.

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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$36,301	\$(20,291)	\$(23,798)	\$(53,496)	\$(63,989)
FTE	58	62	62	66	70

Statement of Need and Economic Benefit

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

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

Schedules/Milestones/Deliverables. Detailed information regarding schedules, milestones, and deliverables can be found in the USPTO's Exhibit 300 submissions that are located on the Federal IT Dashboard 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 expenses incurred in connection with the general management of the USPTO that are not provided for elsewhere. These cross-cutting activities also facilitate adherence to regulations, Executive Orders (EO) and guidance documents, and support the USPTO management goal to achieve organizational excellence.

PROGRAM CHANGE

Cross-Cutting Services/MGE (+\$14.3 million): The USPTO requires an increase of \$14.3 million for a total of \$272.1 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 initiatives that benefit all organizations within the USPTO. These initiatives are focused on redesigning and constructing existing office space to better accommodate current needs; implementing a lighting management solution that allows for lighting control technology; and implementing additional security features. In addition, \$10,000 is required to purchase uniforms to be worn by USPTO personnel at recruitment events, consistent with common recruiting practices.

- Alexandria Campus building upgrades. Due to "Freeze-the-Footprint," the USPTO is unable to expand its campus office space to accommodate planned growth. To provide alternative spaces as recommended in the FY 2013 workforce engagement project that USPTO and GSA conducted, this initiative would: (1) convert under-utilized spaces into collaborative areas; and (2) convert no-longer-utilized Patent Training Academies into office and/or conference space. Under this initiative the two service centers and two pantries located on each floor would be re-designed, and collaboration space and additional lounge areas would be constructed — in line with the design concepts used in the satellite offices. In a second/concurring phase, as Patents hiring slows by FY 2016, unneeded Patent Training Academies would be converted into conference and/or office space in order to keep up with non-Patent business unit growth needs. It is anticipated that up to 50 percent of the Patent Training Academy locations could be converted in FY 2016.
- A lighting control project to renovate the Alexandria campus buildings with a lighting management solution would incorporate light level tuning, daylight harvesting, and occupancy sensors to realize energy savings and to turn off lights when not in use. In addition to saving electrical energy consumption and improving the environment by

reducing greenhouse gases, this initiative will result in a more cost-efficient organization, and assist the USPTO to achieve the greenhouse gas emission and energy consumption metrics and goals pursuant to EO 13514.

- Security enhancements will include:
 - A canine explosive detection team to maintain a secure environment at publicly accessible areas prior to encountering security posts. The team will be available approximately 1,080 hours per year, as well as for emergencies or special events.
 - Security office presence after hours, on weekends and on holidays is inadequate. The campus buildings (and Randolph Square) remain occupied by hundreds of employees performing overtime at all hours 365 days a year, quite nearly 24 hours a day. This initiative would ensure officer coverage in each building after hours, on weekends and holidays.
 - Replacement of outdated X-Ray screening machines that are used for screening visitors and deliveries to USPTO property in order to detect unauthorized/potentially dangerous items. The USPTO currently has outdated X-Ray screening machines that are placed at lobby entrances and a few loading docks. Not every loading dock has an X-Ray machine, although every loading dock should have one. The machines being used are coming to the end of their lifecycle and spare parts for repairs are becoming harder for technicians to acquire and repair guarantees are much harder to obtain. This initiative will fund the purchase and installation of 11 Checkpoint/Small Parcel-size X-Ray Screeners for each lobby and seven Large Parcel size X-Ray Screeners for each building loading dock.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount (\$ in thousands)	\$14,278	\$(22,228)	\$(23,046)	\$(23,327)	\$(23,789)
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 2016.

Exhibit 14

PROGRAM CHANGE PERSONNEL DETAIL

Activity: Management
 Subactivity:

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
Building Management and Security Specialists	Alexandria, VA	GS	11	93,650	1,030,150
Various IT Specialists	Alexandria, VA	GS	80	99,550	7,964,000
Attorney	Alexandria, VA	GS 15	2	157,100	314,200
Paralegal / Admin Management Specialist	Alexandria, VA	GS 12	2	105,254	210,508

Total			95	9,518,858
less Lapse		24%	23	2,319,675
Total full-time permanent (FTE)			72	7,199,183
2015 Pay Adjustment	1.0%			71,991
2016 Pay Adjustment	1.3%			94,524
TOTAL				7,365,699

Personnel Data	Number
Full-Time Equivalent Employment	
Full-time permanent	72
Other than full-time permanent	-
Total	72
Authorized Positions:	
Full-time permanent	95
Other than full-time permanent	-
Total	95

Exhibit 15

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

Activity: Management
Subactivity:

Object Class	2016 Increase
11 Personnel compensation	
11.1 Full-time permanent	7,366
11.3 Other than full-time permanent	
11.5 Other personnel compensation	-
11.8 Special personnel services payments	
11.9 Total personnel compensation	<u>7,366</u>
12 Civilian personnel benefits	2,394
13 Benefits for former personnel	
21 Travel and transportation of persons	54
22 Transportation of things	-
23.1 Rental payments to GSA	(1,897)
23.2 Rental payments to others	554
23.3 Communications, utilities and miscellaneous charges	(63)
24 Printing and reproduction	-
25.1 Advisory and assistance services	(464)
25.2 Other services	497
25.3 Purchases of goods & services from Gov't accounts	20,632
25.4 Operation and maintenance of facilities	
25.5 Research and development contracts	
25.6 Medical care	
25.7 Operation and maintenance of equipment	(7,395)
25.8 Subsistence and support of persons	
26 Supplies and materials	24
31 Equipment	8,074
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	<u>29,776</u>

EXHIBITS: 16 - 37

Exhibit 16 – Summary of Requirements by Object Class

Department of Commerce
U.S. Patent and Trademark Office

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

Object Class	FY 2014	FY 2015 Current Plan	FY 2016 Base	FY 2016 Estimate	Increase/ Decrease over 2016 Base
11.1 Salaries	1,283,745	1,413,549	1,506,300	1,521,080	14,780
11.5 Other personnel compensation	142,081	150,765	154,100	157,008	2,908
11.9 Total personnel compensation	1,425,826	1,564,315	1,660,400	1,678,088	17,688
12.1 Civilian personnel benefits	449,654	506,627	549,225	553,638	4,413
21 Travel and transportation of persons	4,704	6,656	6,762	10,345	3,583
22 Transportation of things	370	387	394	377	(17)
23.1 Rental payments to GSA	94,909	96,353	97,895	95,997	(1,897)
23.2 Rental payments to others	17,394	17,490	17,770	18,328	559
23.3 Commun., util., and misc. charges	16,010	15,037	15,278	15,399	121
24 Printing and reproduction	146,886	136,503	138,687	144,405	5,718
25.1 Advisory and assistance services	64,754	63,731	64,751	66,108	1,357
25.2 Other services from non-federal sources	145,637	143,337	145,630	148,681	3,051
25.3 Other goods and services from federal sources	59,348	58,410	59,345	60,588	1,243
25.4 Operation and maintenance of facilities	12,748	12,547	12,747	13,014	267
25.7 Operation and maintenance of equipment	316,077	311,085	316,062	322,684	6,621
26 Supplies and materials	40,339	47,407	48,165	49,739	1,574
31 Equipment	200,128	347,736	353,300	318,446	(34,853)
32 Land and Structures	898	0	-	-	-
4x Insurance claims , indemnities, and refunds	1,775	3,209	3,260	3,211	(50)
99.9 Total Obligations	2,997,457	3,330,830	3,489,672	3,499,048	9,377
Fee Collections	(3,172,236)	(3,142,115)	(3,206,672)	(3,206,672)	0
Less unavailable sequestered budget authority	0	0	0	0	0
Less prior year other income/recoveries	(35,887)	(27,800)	(27,800)	(27,800)	0
Less prior year unobligated balance	(442,291)	(650,957)	(488,042)	(488,042)	0
Less end year unobligated balance	650,957	488,042	230,842	221,465	(9,377)
Total Budget Authority	(2,000)	(2,000)	(2,000)	(2,000)	(0)
Personnel Data					
Full-Time equivalent Employment:	11,894	12,920	13,148	13,314	165
Positions:	12,907	13,300	13,300	13,535	235

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, ~~\$3,458,000,000~~ \$3,206,672,000 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 ~~2015~~ 2016, so as to result in a fiscal year ~~2015~~ 2016 appropriation from the general fund estimated at \$0: *Provided further*, That during fiscal year ~~2015~~ 2016, should the total amount of such offsetting collections be less than ~~\$3,458,000,000~~ \$3,206,672,000 this amount shall be reduced accordingly: *Provided further*, That any amount received in excess of ~~\$3,458,000,000~~ \$3,206,672,000 in fiscal year ~~2015~~ 2016 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 ~~2015~~ 2016 for official reception and representation expenses: *Provided further*, That in fiscal year ~~2015~~ 2016 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
<p>...\$3,458,000,000 \$3,206,672,000</p> <p>...2015 2016</p>	<p>Retains the appropriation language in Public Law 113-76 for FY 2015, but changes the amount available to the USPTO in FY 2016 to be the total amount of fees collected during FY 2016, and changes all references to FY 2015 to FY 2016.</p>
<p>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):</p>	<p>The need for this section has been overtaken by Section 22 of the America Invents Act, which provides for USPTO funding, and establishes the Patent and Trademark Fee Reserve Fund.</p>

Legislative Authorities

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

- 15 U.S.C. 1051-1141n contain provisions of the Trademark Act that govern the administration of the USPTO's trademark registration system, provide for administrative proceedings before the USPTO, and set forth procedures relating to international registration of trademarks pursuant to the Madrid Protocol;
- 15 U.S.C. 1511 states that the USPTO is under the jurisdiction and subject to the control of the Department of Commerce;
- 35 U.S.C. 1-13, 21-26, 32-33, 100-105, 111-122, 131-135, 141-146, 151-157, 161-164, 171-173, 251-256, 261, 262, 267, 301-307, and 311-318 contain basic authorities for administration of patent laws, derived from the Act of July 19, 1952, and subsequent enactments;
- 35 U.S.C. 41 provides for collection of specific fees for identified services and establishment of fees at an estimated average cost for processing, services or materials not specified;
- 35 U.S.C. 41(i)(2) provides for deployment of automated search systems of the Office to the public;
- 35 U.S.C. 42(d) provides that the Director may refund any fee paid by mistake or in excess of that required;
- 35 U.S.C. 181-188 provides authorities for actions relating to secrecy of certain inventions and filing of applications in foreign countries;
- 35 U.S.C. 361-368, 371-375 contain authorities related to Patent Cooperation Treaty applications, national stage entry and related procedures;
- 35 U.S.C. 376 authorizes the USPTO to charge fees for activities related to the Patent Cooperation Treaty, and the Director may set fee amounts, except for the international and handling fees.
- Leahy Smith America Invents Act (Pub. L. No. 112-29) provides specific authority for the USPTO to collect a number of fees related to patent services, including a 15 percent surcharge on most patent fees and a prioritized examination fee.

Exhibit 37

U.S. Department of Commerce
 United States Patent and Trademark Office
 Statement of Actions on GAO Recommendations made from November 1, 2011, through September 30, 2014

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 February 27, 2015.	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 published an Agency Administrative Order (AAO) for a comprehensive biennial fee review process. The AAO was signed by Deputy Director Michelle Lee on March 19, 2014 and is posted on the USPTO Web site.	Closed

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, 2014

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 is on target to meet the action plan deliverable date of January 31, 2015.	Open

Exhibit D – Facilities and Real Property Reporting

ACQUISITIONS:

FY2015

Space Use	Type of Action	Estimated Area	Program	Planned Complete Yr	Location (City State) If Know	Sustain-ability (Y/N)	Re-newable Energy (Y/N)	Net of Utilities	Space Change (Y/N)
Office	Independent Lease	35,194 usf	PTO	2015	San Jose, CA	Y	N	Yes	Yes
Office	GSA Lease	35,546 usf	PTO	2015	Dallas, TX	Y	N	Open	Yes

FY2015-20

Space Type	Type of Action	Estimated Area	Program	Planned Complete Yr	Location (City State) If Know	Sustain-ability (Y/N)	Re-newable Energy (Y/N)	Net of Utilities	Space Change (Y/N)
Office	New OA	46,957 usf	PTO	2015	Alexandria, VA	Y	Y	Open	No
Office	New OA	27,944 usf	PTO	2016	Alexandria, VA	Y	Y	Open	No
Office	New OA	26,541 usf	PTO	2017	Alexandria, VA	Y	Y	Open	No
Office	New OA	141,014 usf	PTO	2019	Arlington, VA	Y	Y	Open	No
Warehouse	New OA	278,322 usf	PTO	2019	Franconia, VA	Y	Y	Open	No
Warehouse	New OA	26,832 rsf	PTO	2019	Newington, VA	Y	Y	Open	No

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.

2015

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

2015-2020

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

DISPOSALS AND REDUCTIONS:

2015

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>6,280 usf</i>	<i>PTO – Menlo Park temporary space</i>	<i>2015</i>	<i>CA0901</i>	<i>No</i>
<i>Office</i>	<i>Termination</i>	<i>6,705 usf</i>	<i>Dallas temporary space</i>	<i>2015</i>	<i>TX0058</i>	<i>No</i>

2015-20

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

DEFICIENCY REDUCTIONS:**2015**

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

2015-2020

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

Exhibit E – Sustainability Funding Request

<i>Goal</i>	Type of Investment	Type of Alternative Finance	Intended Purpose/Use	Budget FY15 (\$K)	Budget FY16(\$K)	Budget FY17 (\$K)	Budget FY18 (\$K)	Budget FY19 (\$K)
<i>1. Greenhouse Gas Reduction – Scopes 1, 2, and 3</i>	1	1	5, 11	683	2	3	3	3
	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	200	0	0	50	200
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
<i>3. Fleet Management</i>	1	N/A	N/A	0	0	0	0	0
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
<i>4. Water Use Efficiency and Management</i>	1	1	5, 11	0	0	0	0	0
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
<i>5. Pollution Prevention and Waste Elimination</i>	1	N/A	N/A	12	0	0	10	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	10,500	0	0
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
<i>8. Renewable Energy</i>	1	1	13	9	12	12	14	14
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0
<i>9. Climate Change Adaptation</i>	1	N/A	N/A	0	0	0	0	0
	2	N/A	N/A	0	0	0	0	0
	3	N/A	N/A	0	0	0	0	0

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APPENDICES

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APPENDIX I

Multi-Year Planning 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 and the demand for patent and trademark services and products will have a significant impact on the Office's efforts to fulfill its mission.

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

This planning framework is itself built upon several subsidiary frameworks:

- The FY 2016 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 2016 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 term view in projecting its budgetary requirements, which takes into consideration both the projected out year workload and the costs associated with processing that workload.
- The USPTO developed the current patent fee structure based on ABI cost models; historical cost analyses of activities supporting fees; fee analyses, such as cost-obligation-revenue comparisons and economic and elasticity analyses; and ad hoc fee/cost calculations and business case studies. The USPTO is committed to transparency, fulfilling requirements for comprehensive regulatory analyses (e.g., impact on small businesses), and engagement with the PPAC and other stakeholders. The USPTO set its patent fees in FY 2013 via participation in PPAC public hearings, publication of notices in the Federal Register and Official Gazette for public consideration, and solicitation of a review by the Congress.
- The USPTO implemented an adjusted trademark fee structure in January 2015 that is also based on ABI cost models; historical cost analyses of activities supporting fees; fee analyses, such as cost-obligation-revenue comparisons and economic and elasticity analyses; and ad hoc fee/cost calculations and business case studies. The USPTO

solicited public input via a Federal Register notice and partnered with TPAC in the design of the reduced fees for applicants willing to file and communicate electronically with the Office. As with the current patent fee structure, the USPTO displayed commitment to transparency, fulfilling requirements for comprehensive regulatory analyses, and engagement with the TPAC and other stakeholders.

OPERATING RESERVE

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

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

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

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

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

USPTO Fee Collection Estimates/Ranges

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

ECONOMIC AND MARKET OUTLOOK

Requests for USPTO services and products are dependent upon many factors, including economic activity in the United States and around the world. The USPTO considers a number of economic factors and relevant indicators when forecasting its workloads (requests for services and products). Major factors include the overall condition of the U.S. and global economies, spending on technological innovation activities, and investments leading to the commercialization of new products and services. The 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 three and four percent for FY 2015 and FY 2016 based on Congressional Budget Office (CBO) estimates. Considerable uncertainty remains regarding the current and near-future prospects for growth. This uncertainty affects anticipated USPTO workloads and fee collection estimates.

DEVELOPING WORKLOAD AND FEE COLLECTION ESTIMATES

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

Estimates of workload production and examination and process requests are developed incorporating the realization of efforts of the *USPTO 2010-2015 Strategic Plan*, and are consistent with the strategies and objectives in the *USPTO 2014-2018 Strategic Plan*, identifying and implementing the efficiencies, tools, and policies necessary to increase examination capacity and improve efficiency. Estimates factor in the resources available to complete the work. Certain process actions are mandatory while others may be considered discretionary, such as when applicants purchase an extended response timeframe within which to respond to USPTO actions. 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 2016 estimates include assumptions of payment behavior based on the current patent fee schedule and the trademark fee schedule including fee rate adjustments implemented in January 2015.

Considering the inherent sensitivity and volatility of predicting fluctuations in the global and national economy and market environment, interpreting policy and process efficiencies, including the effects of IP related court decisions, adjusting the patent and trademark fee schedules, and developing workload and fee collection estimates from assumptions of these elements, the USPTO prepares a high-to-low range of fee collection estimates. A range estimate facilitates operational flexibilities necessary to efficiently manage within an acceptable level of uncertainty. As expected, the range for FY 2016 is fairly narrow and gradually increases in the out-years as uncertainty grows.

Patent Fee Collections. Patent fees cover patent related services and products occurring at different intervals within the patent application examination process and over the life of the pending patent application and granted patent. FY 2016 estimated patent fee collections include amounts expected to be received for applications filed in FY 2016, as well as work processed in FY 2016 (e.g., issues), examination and process requests for the year, and post-issuance decisions to maintain patent protection. More than half of all patent fee collections are from issue and maintenance fees. Changes in application filing levels have an immediate impact on current year fee collections because fewer patent application filings mean fewer fees collected in the current year, and out year impacts 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 \$2,706 and \$3,082 million for FY 2016 excluding \$23 million in other income. These projections are based on assumptions that patent filings will increase between zero and six percent, issues will reflect strengthened examination capacity and efficiencies, and patent maintenance fee payments will continue with similar renewal rates.

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

Trademark fee collections are estimated to be between \$262 and \$292 million for FY 2016 excluding \$5 million in other income, including the fee reduction that became effective in January 2015, based on the economic outlook and the expectations of the growth of trademark application filings.

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. Additionally, 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, were adjusted in January 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 2016 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 2016 budget formulation process, major deviations from funding planned requirements are particularly notable:

- In FY 2009, when the USPTO experienced a precipitous drop in fee collections, the Office evaluated its activities, and made nearly \$200 million in short and long-term reductions. As the economy rebounded in FY 2010, fee collections increased beyond the amount appropriated and a \$129 million supplemental appropriation of fee collections was provided. The supplemental funding was requested to provide the USPTO additional spending authority in closer alignment with projected fee collections for the full fiscal year. Funds were used toward reducing the patent backlog by expanding the examiner workforce, and making that workforce more productive by improving processes, IT, and tools.
- In FY 2011, the Federal government operated under a continuing resolution and the Full-Year Continuing Appropriations Act did not include the USPTO's request for a 15 percent temporary increase on patent fees. The USPTO operated at a funding level that was below requirements, and which necessitated approximately \$150 million of funding reallocations, deferments or reductions that included a freeze on hiring in virtually all levels

of the USPTO, as well as changes to non-compensation requirements. These actions enabled the USPTO to operate within its FY 2011 appropriated level (note: refer to “Interim Adjustments to the *USPTO 2010-2015 Strategic Plan*” in the FY 2013 President’s Budget).

- During FY 2012 and in response to reduced fee collections estimates resulting from expected FY 2012 fees paid (and unavailable) during FY 2011 in advance of the 15 percent surcharge included in the AIA, the USPTO undertook two cost reduction efforts which resulted in a combined budget reduction totaling \$190 million, primarily from a more temperate hiring schedule, deferring IT support and improvement efforts, and temporarily scaling back external agreements.
- In FY 2013, the USPTO was faced with two distinct circumstances that put pressure on the available resources for the Office. Patent fee revenue was collected below that originally planned in the FY 2013 President’s Budget due to lower fee rates set in the new patent fee schedule and sequestration was implemented against total collections, which further aggravated the available resources in FY 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.
- As previously noted, the USPTO was able to continue operations during the October 2013 Government-wide shut down because it received special consideration from the Office of Management and Budget (OMB) to continue operations using available carryover from FY 2013. For the remainder of FY 2014, the USPTO has followed a measured spending approach. 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.
- The FY 2015 President’s Budget assumes reprioritization of approximately \$15.5 million to other FY 2015 initiatives. The FY 2016 Budget assumes additional reprioritizations as shown in Exhibits 13.

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 2014			FY 2015			FY 2016		
	Total	Patents	Trademarks	Total	Patents	Trademarks	Total	Patents	Trademarks
Patent Examining	1,843,897	1,843,897		1,963,410	1,963,410		2,071,778	2,071,778	
Patent Trial and Appeals	50,518	50,518		75,352	75,352		97,170	97,170	
Patent Information Resources	141,990	141,990		235,245	235,245		215,129	215,129	
Trademark Examining	104,090		104,090	114,928		114,928	123,703		123,703
Trademark Appeals and <i>Inter Partes</i> Proceedings	11,187		11,187	12,409		12,409	13,647		13,647
Trademark Information Resources	56,234		56,234	65,148		65,148	48,096		48,096
Policy, External Affairs and Administrative Support	18,548	12,709	5,839	22,159	15,305	6,853	25,326	17,246	8,080
Global Intellectual Property Academy (GIPA)	2,492	1,779	713	4,869	3,476	1,393	5,231	3,735	1,496
IPR Attaché Program	9,607	4,333	5,274	13,188	5,948	7,239	13,397	6,043	7,354
IP PP&E Information Resources	1,913	1,182	731	1,861	1,150	711	1,934	1,195	739
Executive Direction and Communications	4,827	4,016	811	8,076	6,717	1,359	8,439	7,016	1,423
Financial Management Services	22,404	18,286	4,117	28,091	22,970	5,122	28,123	23,022	5,101
Human Resource Management and Administrative Services	38,242	35,160	3,082	50,347	46,318	4,029	54,605	50,246	4,359
Legal Services	19,404	16,135	3,269	24,266	20,173	4,093	25,732	21,343	4,388
Management Information Resources	49,512	42,836	6,676	76,378	66,156	10,222	56,235	48,704	7,531
IT Infrastructure and IT Support Services	353,904	296,062	57,842	384,542	321,931	62,611	438,410	366,882	71,527
Miscellaneous General Expense	268,691	248,820	19,871	250,562	226,634	23,928	272,094	245,606	26,488
Total	2,997,457	2,717,723	279,734	3,330,830	3,010,785	320,046	3,499,048	3,175,115	323,934

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 2017			FY 2018			FY2019			FY2020		
	Total	Patents	Trademarks									
Patent Examining	2,121,059	2,121,059		2,172,089	2,172,089		2,241,266	2,241,266		2,314,125	2,314,125	
Patent Trial and Appeals	110,716	110,716		120,365	120,365		128,500	128,500		137,303	137,303	
Patent Information Resources	157,884	157,884		152,829	152,829		151,868	151,868		151,982	151,982	
Trademark Examining	131,578		131,578	139,278		139,278	147,645		147,645	156,247		156,247
Trademark Appeals and <i>Inter Partes</i> Proceedings	14,140		14,140	14,524		14,524	14,914		14,914	15,311		15,311
Trademark Information Resources	48,540		48,540	45,953		45,953	46,316		46,316	46,391		46,391
Policy, External Affairs and Administrative Support	25,611	17,445	8,166	25,912	17,659	8,254	26,218	17,875	8,343	26,527	18,094	8,433
Global Intellectual Property Academy (GIPA)	5,294	3,780	1,514	5,361	3,828	1,533	5,429	3,876	1,553	5,499	3,926	1,573
IPR Attaché Program	13,596	6,133	7,464	13,825	6,236	7,589	14,057	6,340	7,717	14,293	6,447	7,846
IP PP&E Information Resources	1,092	675	417	1,083	669	414	1,091	674	417	1,088	672	416
Executive Direction and Communications	8,536	7,096	1,440	8,639	7,182	1,457	8,743	7,269	1,475	8,849	7,356	1,493
Financial Management Services	28,633	23,438	5,195	27,621	22,612	5,009	28,183	23,071	5,113	26,210	21,459	4,751
Human Resource Management and Administrative Services	55,285	50,872	4,413	55,973	51,505	4,468	56,670	52,146	4,523	57,376	52,797	4,580
Legal Services	26,194	21,723	4,471	26,481	21,962	4,519	26,771	22,203	4,568	27,064	22,447	4,618
Management Information Resources	46,192	40,009	6,183	44,883	38,870	6,014	45,446	39,354	6,093	45,836	39,688	6,148
IT Infrastructure and IT Support Services	387,538	324,382	63,156	391,046	327,344	63,702	368,478	308,504	59,974	365,231	305,809	59,422
Miscellaneous General Expense	240,732	217,728	23,004	245,867	222,397	23,470	252,785	228,697	24,088	259,226	234,558	24,668
Total	3,422,620	3,102,941	319,680	3,491,730	3,165,545	326,185	3,564,382	3,231,644	332,738	3,658,557	3,316,662	341,895

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
<p>A. Work with stakeholders to refine long-term pendency goals, while considering requirements of the intellectual property (IP) community</p> <p>B. Continue to refine patent pendency metrics throughout the examination process and provide increased transparency of those metrics</p>	<p>A. Hire/retain a nationwide workforce to meet pendency targets</p> <p>B. Develop and train an adaptable workforce to respond to emerging technologies, Office priorities, and the evolution of law</p> <p>C. Enhance compact prosecution initiatives</p> <p>D. Offer patent application prosecution options</p>	<p>A. Fully implement Cooperative Patent Classification (CPC)</p> <p>B. Leverage the Patent Cooperation Treaty (PCT) to effectively use the work completed at the international stage</p> <p>C. Maximize use of the Patent Prosecution Highway (PPH) to increase sharing and re-use of information between USPTO and its partner offices</p> <p>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</p>	<p>A. Evaluate and refine the measurement of patent quality data</p> <p>B. Maximize usage of patent quality data</p> <p>C. Evaluate effectiveness of changes to the count system and performance appraisal plans; make additional modifications as needed</p> <p>D. Continually improve and provide timely technical and legal training</p>

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	Objective 2: Provide Leadership and Education on International Agreements and Policies for Improving the Protection, and Enforcement of IP Rights
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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

USPTO Fee Collections							
Estimates and Assumptions							
	FY 2014	FY 2015			FY 2016		
<i>(Dollars in Millions)</i>	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 2014	February 2015	February 2015	February 2015	February 2015	February 2015	February 2015
Total USPTO Fee Collections	\$3,171	\$2,971	\$3,142	\$3,271	\$2,968	\$3,207	\$3,374
Total Patent Fee Collections	\$2,895	\$2,708	\$2,869	\$2,990	\$2,706	\$2,923	\$3,082
Total Trademark Fee Collections	\$276	\$263	\$273	\$280	\$262	\$283	\$292
Major Patent Fee Collections:							
Filing (with Excess Claims)	\$829	\$771	\$851	\$860	\$755	\$871	\$903
Post Allowance	\$322	\$258	\$271	\$284	\$255	\$282	\$309
Maintenance	\$1,248	\$1,201	\$1,258	\$1,346	\$1,205	\$1,264	\$1,350
PCT	\$176	\$179	\$179	\$179	\$187	\$188	\$187
Extensions of Time	\$151	\$142	\$149	\$157	\$139	\$148	\$157
Other	\$170	\$157	\$161	\$165	\$166	\$171	\$176
Assumptions Used to Develop Fee Collection Estimates							
Filing Growth Rates:	Patent filings growth rate 2.8% (582,203 UPR filings, 175,066 RCEs). Trademark filings growth rate 4.9% (455,000 filings).	Patent filings growth rate - 5.0% (553,093 UPR filings, 165,928 RCEs). Trademark filings growth rate -1.6% (447,900 filings). These filing rates are based on estimates of slowed patent demand and slowed global economic growth.	Patent filings growth rate 3.0% (599,669 UPR filings, 179,987 RCEs). Trademark filings growth rate 6.2% (483,000 filings). These filing rates are based on estimates of continued economic growth.	Patent filings growth rate 4.0% (605,491 UPR filings, 181,734 RCEs). Trademark filings growth rate 8.6% (494,000 filings). These filing rates are based on high estimates of continued economic growth.	Patent filings growth rate - 1.0% (547,562 UPR filings, 164,269 RCEs). Trademark filings growth rate -0.9% (443,700 filings). These filing rates are based on estimates of slowed patent demand and slowed global economic growth.	Patent filings growth rate 3.5% (620,658 UPR filings, 186,286 RCEs). Trademark filings growth rate 6.8% (516,000 filings). These filing rates are based on estimates of continued economic growth.	Patent filings growth rate 6.0% (641,821 UPR filings, 192,638 RCEs). Trademark filings growth rate 10.8% (547,400 filings). These filing rates are based on high estimates of continued economic growth.
Patent Issue:	Patents printed of 306,500	Patents printed of 291,212 based on conservative estimates of increased patent examination production efficiencies.	Patents printed of 306,539 based on moderate estimates of increased patent examination production efficiencies.	Patents printed of 321,866 based on high estimates of increased patent examination production efficiencies.	Patents printed of 287,127 based on conservative estimates of increased patent examination production efficiencies.	Patents printed of 319,030 based on moderate estimates of increased patent examination production efficiencies.	Patents printed of 350,933 based on high estimates of increased patent examination production efficiencies.
Patent Maintenance (Post Renewal):	Renewal rates: 87.0% first stage, 80.2% second stage and 75.0% third stage	Renewal rates: 82.0% first stage, 75.0% second stage and 71.0% third stage due to conservative estimates of continued economic growth and patent demand.	Renewal rates: 87.0% first stage, 80.2% second stage and 75.0% third stage due to moderate estimates of continued economic growth and patent demand.	Renewal rates: 92.0% first stage, 85.0% second stage and 79.0% third stage due to high estimates of continued economic growth and patent demand.	Renewal rates: 82.0% first stage, 75.0% second stage and 71.0% third stage due to conservative estimates of continued economic growth and patent demand.	Renewal rates: 87.0% first stage, 80.2% second stage and 75.0% third stage due to moderate estimates of continued economic growth and patent demand.	Renewal rates: 92.0% first stage, 85.0% second stage and 79.0% third stage due to high estimates of continued economic growth and patent demand.
Enhanced Examination Timing Assumptions:	Track 1 filings: 9,124 filings	Track 1 filings: 8,000 filings	Track 1 filings: 9,500 filings	Track 1 filings: 10,000 filings	Track 1 filings: 8,000 filings	Track 1 filings: 9,000 filings	Track 1 filings: 10,000 filings
Patent Fee Adjustments:	1/1/2014 implementation of Issue/PG pub and PCT international fees fee changes. Implementation of Patent Law Treaty changes, including minor fee rate and workload changes.	N/A	N/A	N/A	N/A	N/A	N/A
Trademark Fee Adjustments:	N/A	New Trademark fee rates for filing and renewals. A January 17, 2015 implementation is assumed.	New Trademark fee rates for filing and renewals. A January 17, 2015 implementation is assumed.	New Trademark fee rates for filing and renewals. New fee rate implementation assumed mid-year of FY 2015.	N/A	N/A	N/A

APPENDIX V – USPTO Fee Collections: FY 2014 Estimated and Actual Fee Collections and Assumptions

USPTO Fee Collections						
FY 2014 Estimated and Actual Fees and Assumptions						
(Dollars in Millions)	FY 2013		FY 2014			
	Actual	President's Budget	Revised Working Estimate	Revised Low Estimate	Revised High Estimate	Actual
Date of Projection	October 2013	February 2013	February 2014	February 2014	February 2014	October 2014
Total USPTO Fee Collections	\$2,815	\$3,072	\$3,286	\$3,130	\$3,437	\$3,171
Total Patent Fee Collections	\$2,552	\$2,806	\$3,008	\$2,859	\$3,155	\$2,895
Total Trademark Fee Collections	\$264	\$266	\$278	\$272	\$283	\$276
Major Patent Fee Collections:						
Filing (with Excess Claims)	\$737	\$826	\$885	\$846	\$915	\$829
Post Allowance Fees	\$529	\$297	\$317	\$301	\$331	\$322
Maintenance	\$837	\$1,168	\$1,314	\$1,248	\$1,380	\$1,248
PCT	\$162	\$173	\$178	\$170	\$183	\$176
Extensions of Time	\$151	\$168	\$157	\$133	\$182	\$151
Other	\$136	\$175	\$157	\$160	\$164	\$170
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 3.3% (568,227 UPR filings, 157,156 RCEs) with elasticity assumptions due to fee increases. Trademark filings growth rate 5.3% (456,000 filings). These filing rates are based on moderate 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 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 9.7% (603,117 UPR filings, 178,909 RCEs). Trademark filings growth rate of 8.0% (468,346 filings). These filing rates are based on high estimates of continued economic growth.	Patent filings growth rate 2.8% (582,203 UPR filings, 175,066 RCEs). Trademark filings growth rate 4.9% (455,000 filings).
Filing Growth Rates Trends:	Patent filings increased 6.2% in FY 2013 with 29.0% of the total continued examinations (RCEs). In the FY 2014 President's Budget it was assumed there would be 3.3% growth in patent filings, and that RCEs would only comprise 27.7% as a result of elasticity assumptions for both filings and RCEs. The actual growth rate came in lower than estimated at 2.8% and the percentage of RCEs came in higher than expected at 30.0%. Patent filings are expected to grow slowly over then next two fiscal years. Trademark filings grew 4.5% in FY 2013. FY 2014 Trademark filings were estimated at 5.3% growth in the President's Budget and were revised to 4.9%. The actual growth rate came in exactly at the revised estimated growth rate of 4.9%. This growth is expected to increase in FY 2015 and FY 2016.					
Patent Issue:	267,900 issues.	Patents printed of 313,654 based on moderate 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 268,311 based on conservative 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 306,500
Patent Issue Trends:	Patent Issues is a process and resource driven workload. The FY 2014 President's Budget numbers reflected the strong FY 2012 numbers, an increased allowance rate, and even showed the expectation of increased issues. The number of patents issued increased from FY 2013 to FY 2014 by more than 14%. 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 2015 and FY 2016.					
Patent Maintenance (Post Renewal):	Renewal rates: 92.0% first stage, 79.2% second stage and 74.5% third stage.	Renewal rates: 85.0% first stage, 76.7% second stage and 66.3% third stage with elasticity assumptions due to fee increases and moderate 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: 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: 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: 87.0% first stage, 80.2% second stage and 75.0% third stage
Patent Maintenance (Post Renewal) Trends:	Renewal rates were strong in FY 2013 partially due to payments made in advance of the fee increase in March 2013. The estimates of renewal rates in the FY 2014 President's budget were based on moderate economic growth, then decreased from there due to elasticity assumptions. During the FY 2015 budget process, the estimates for FY 2014 were improved and updated, which resulted in a slight increase in projected renewal rates. Actual FY 2014 renewal rates came in very close to the revised estimate, which was higher than the original President's budget amount. It is expected that FY 2015 and FY 2016 renewal rates will stay consistent with FY 2014 actuals.					
Fee Adjustments:	1.7% CPI implemented in October and 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. Proposed reduction in TEAS filings meeting additional requirements subject to public comment and rulemaking.	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.	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.

APPENDIX VI – USPTO FY 2014 Fee Report

<u>Fee Code</u>	<u>Fee Title</u>	<u>Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
Patent Fee Summary:				
	Patent Application Filing Fees		\$825,694,185	\$829,767,599
	Patent Post-Allowance Fees		296,589,706	342,295,157
	Patent Maintenance Fees		1,167,818,064	1,247,898,921
	Patent Extension Fees		168,046,950	150,829,018
	Patent Trial and Appeal Fees		70,803,225	76,995,015
	Patent Revival Fees		23,793,740	18,100,640
	Patent Cooperation Treaty (PCT) Fees		172,845,753	175,565,746
	Other Patent Processing Fees		59,258,355	40,196,206
	Patent Attorney/Agent Enrollment Fees		1,141,727	982,838
	Patent Service Fees		19,728,708	12,414,169
	Corporate Fees		118,690	94,435
	Total Patent Fees		\$2,805,839,103	\$2,895,139,743
Trademark Fee Summary:				
	Trademark Processing Fees		\$257,962,950	\$251,208,737
	Trademark Madrid Protocol Fees		16,340,900	17,200,049
	Trademark Service Fees		7,668,233	7,265,826
	Corporate Fees		13,333	8,994
	Total Trademark Fees		\$281,985,416	\$275,683,607
Total United States Patent and Trademark Office Fees			\$3,087,824,519	\$3,170,823,349
Patent Filing Fees (Large Entity):				
1011	Filing of Utility Patent Application	\$280	\$65,677,640	\$62,922,496
1111	Search of Utility Patent Application	600	139,756,800	134,181,090
1311	Examination of Utility Patent Application	720	168,801,120	161,733,970
1012	Filing of Design Patent Application	180	2,785,680	3,051,435
1112	Search of Design Patent Application	120	1,857,120	2,075,180
1312	Examination of Design Patent Application	460	7,118,960	7,965,480
1013	Filing of Plant Patent Application	180	88,560	93,860
1113	Search of Plant Patent Application	380	186,960	198,740
1313	Examination of Plant Patent Application	580	285,360	305,440
1014	Filing of Reissue Patent Application	280	146,440	190,960
1114	Search of Reissue Patent Application	600	313,800	408,580
1314	Examination of Reissue Patent Application	2,160	1,129,680	1,477,440
1005	Provisional Application Filing	260	16,622,060	15,527,846
1017	CPA - Design Filing	180	86,220	80,280
1019	CPA - Reissue Filing	280	0	0
1051	Surcharge - Late Filing, Search or Examination Fee, Oath or Declaration	140	9,368,800	14,914,910
1052	Surcharge - Late Provisional Filing Fee or Cover Sheet	60	169,200	142,650
1081	Utility Application Size	400	4,570,400	4,626,200

<u>Fee Code</u>	<u>Fee Title</u>	<u>Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
1082	Design Application Size	400	41,600	46,000
1083	Plant Application Size	400	400	0
1084	Reissue Application Size	400	9,600	14,400
1085	Provisional Application Size	400	1,724,800	2,118,600
1201	Independent Claims in Excess of Three	420	46,589,760	32,123,980
1202	Total Claims in Excess of Twenty	80	56,985,440	38,042,868
1203	Multiple Dependent Claims	780	2,752,620	1,366,500
1204	Reissue Independent Claims in Excess of Three	420	372,540	394,320
1205	Reissue Total Claims in Excess of Twenty	80	408,720	487,740
1801	Request for Continued Examination	1,200	113,902,800	118,179,720
1820	Second and Subsequent Request for Continued Examination	1,700	56,377,100	72,234,700
1809	Filing a Submission after Final Rejection	840	62,160	42,840
1810	Each Additional Invention to be Examined	840	4,200	0
1821	Reexamination Independent Claims in Excess of Three	420	185,220	142,590
1822	Reexamination Total Claims in Excess of Twenty	80	310,160	234,986
1817	Request for Prioritized Examination	4,000	14,000,000	14,666,400
1819	Correct Inventorship after First Action on the Merits	600	112,800	587,400
Total Patent Filing Fees (Large Entity)			\$712,804,720	\$690,579,601
Patent Filing Fees (Small Entity):				
2011	Filing of Utility Patent Application	\$140	\$1,107,960	\$183,052
4011	Electronic Filing of Utility Patent Application	70	4,062,310	5,648,353
2111	Search of Utility Patent Application	300	19,575,900	24,373,990
2311	Examination of Utility Patent Application	360	23,565,240	29,392,540
2012	Filing of Design Patent Application	90	961,110	1,269,605
2112	Search of Design Patent Application	60	640,740	855,240
2312	Examination of Design Patent Application	230	2,456,170	3,290,270
2013	Filing of Plant Patent Application	90	33,120	52,500
2113	Search of Plant Patent Application	190	69,920	110,010
2313	Examination of Plant Patent Application	290	106,720	167,930
2014	Filing of Reissue Patent Application	140	15,120	29,120
2114	Search of Reissue Patent Application	300	32,400	63,000
2314	Examination of Reissue Patent Application	1,080	116,640	227,880
2005	Provisional Application Filing	130	9,764,430	9,590,927
2017	CPA-Design Filing	90	29,700	22,970
2019	CPA- Reissue Filing	140	0	420
2051	Surcharge - Late Filing, Search or Examination Fee, Oath or Declaration	70	1,142,260	3,091,420
2052	Surcharge - Late Provisional Filing Fee or Cover Sheet	30	65,250	109,540
2081	Utility Application Size	200	761,800	977,875
2082	Design Application Size	200	2,400	7,800
2083	Plant Application Size	200	0	0
2084	Reissue Application Size	200	200	2,600
2085	Provisional Application Size	200	572,200	879,400
2201	Independent Claims in Excess of Three	210	4,098,360	5,929,360
2202	Total Claims in Excess of Twenty	40	6,427,880	10,370,226
2203	Multiple Dependent Claims	390	312,780	411,290
2204	Reissue Independent Claims in Excess of Three	210	27,300	42,210

<u>Fee Code</u>	<u>Fee Title</u>	<u>Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
2205	Reissue Total Claims in Excess of Twenty	40	46,440	70,080
2801	Request for Continued Examination	600	8,920,200	15,657,645
2820	Second and Subsequent Request for Continued Examination	850	4,414,900	6,482,100
2809	Filing a Submission after Final Rejection	420	5,460	20,580
2810	Each Additional Invention to be Examined	420	0	-420
2821	Reexamination Independent Claims in Excess of Three	210	9,450	15,335
2822	Reexamination Total Claims in Excess of Twenty	40	9,960	22,749
2817	Request for Prioritized Examination	2,000	2,070,000	8,819,200
2819	Correct Inventorship After First Action on the Merits	300	12,900	161,700
Total Patent Filing Fees (Small Entity)			\$91,437,220	\$128,348,497
Patent Filing Fees (Micro Entity):				
3011	Filing of Utility Patent Application	\$70	\$2,073,960	\$1,065,080
3111	Search of Utility Patent Application	150	4,397,400	2,248,800
3311	Examination of Utility Patent Application	180	5,293,620	2,710,260
3012	Filing of Design Patent Application	45	215,910	157,815
3112	Search of Design Patent Application	30	143,940	104,310
3312	Examination of Design Patent Application	115	551,770	400,085
3013	Filing of Plant Patent Application	45	7,425	1,035
3113	Search of Plant Patent Application	95	15,675	2,280
3313	Examination of Plant Patent Application	145	23,925	3,480
3014	Filing of Reissue Patent Application	70	3,360	1,260
3114	Search of Reissue Patent Application	150	7,200	2,700
3314	Examination of Reissue Patent Application	540	25,920	9,720
3005	Provisional Application Filing	65	2,193,425	2,080,151
3017	CPA-Design Filing	45	6,660	1,125
3019	CPA-Reissue Filing	70	0	0
3051	Surcharge-Late Filing, Search or Examination Fee, Oath or Declaration	35	256,585	165,480
3052	Surcharge- Late Provisional Filing Fee or Cover Sheet	15	14,655	42,030
3081	Utility Application Size Fee	100	171,100	16,700
3082	Design Application Size Fee	100	600	0
3083	Plant Application Size Fee	100	0	0
3084	Reissue Application Size Fee	100	0	0
3085	Provisional Application Size Fee	100	128,600	23,600
3201	Independent Claims in Excess of Three	105	920,640	219,660
3202	Total Claims in Excess of Twenty	20	1,443,940	323,100
3203	Multiple Dependent Claims	195	70,200	18,135
3204	Reissue Independent Claims in Excess of Three	105	6,195	1,995
3205	Reissue Total Claims in Excess of Twenty	20	10,440	2,460
3801	Request for Continued Examination	300	2,003,700	539,700
3820	Second and Subsequent Request for Continued Examination	425	991,950	155,975
3809	Filing a Submission after Final Rejection	210	1,260	2,520
3810	Each Additional Invention to be Examined	210	0	0
3821	Reexamination Independent Claims in Excess of Three	105	2,100	315
3822	Reexamination Total Claims in Excess of Twenty	20	2,240	2,080
3817	Request for Prioritized Examination	1,000	465,000	533,000
3819	Correct Inventorship After First Action on the Merits	150	2,850	4,650

<u>Fee Code</u>	<u>Fee Title</u>	<u>Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
	Total Patent Filing Fee (Micro Entity)		\$21,452,245	\$10,839,501
	Total Patent Application Filing Fees		\$825,694,185	\$829,767,599
	Patent Issue Fees (Large Entity):			
1501	Utility Issue	\$960	\$258,784,840	\$273,870,730
1502	Design Issue	560	7,137,080	8,371,820
1503	Plant Issue	760	446,400	471,560
1511	Reissue Issue	960	586,080	545,230
1506	Suspense Account for Partial Issue Payments	0	100,001	33,751
1508	Issue Fee - owed over current fee	0	0	674,751
	Total Patent Issue Fees (Large Entity)		\$267,054,401	\$283,967,842
	Patent Issue Fees (Small Entity):			
2501	Utility Issue	\$480	\$21,373,380	\$33,309,080
2502	Design Issue	280	2,097,540	3,148,420
2503	Plant Issue	380	90,280	243,905
2511	Reissue Issue	480	76,380	100,370
	Total Patent Issue Fees (Small Entity)		\$23,637,580	\$36,801,775
	Patent Issue Fees (Micro Entity):			
3501	Utility or Reissue Issue	\$240	\$4,801,470	\$1,378,380
3502	Design Issue	140	471,210	245,055
3503	Plant Issue	190	20,400	1,360
3511	Reissue Issue	240	17,175	685
	Total Patent Issue Fees (Micro Entity)		\$5,310,255	\$1,625,480
	Total Patent Issue Fees		\$296,002,236	\$322,395,097
	Pre-Grant Publication Fees:			
1504	Publication Fee for Early, Voluntary or Normal Publication	\$0	\$0	\$19,770,900
1505	Publication Fee for Republication	300	66,300	52,200
1803	Request for Voluntary Publication or Republication	130	78,260	32,890
1808	Processing Fee, Except in Provisional Applications	130	442,910	44,070
1507	Suspense Account for Partial Publication Payments	0	0	0
	Total Pre-Grant Publication Fees		\$587,470	\$19,900,060
	Patent Maintenance Fees (Large Entity):			
1551	First Stage Maintenance	\$1,600	\$238,852,800	\$255,998,230
1552	Second Stage Maintenance	3,600	346,701,600	357,495,710
1553	Third Stage Maintenance	7,400	493,321,000	525,039,620
1554	First Stage Surcharge In Grace Period	160	603,840	969,120
1555	Second Stage Surcharge In Grace Period	160	457,600	588,960
1556	Third Stage Surcharge In Grace Period	160	283,520	425,440
1557	Maintenance Surcharge After Expiration - Unavoidable Late Payment	700	8,400	1,400
1558	Maintenance Surcharge After Expiration - Unintentional Late Payment	1,640	2,630,560	995,600
1559	Unassigned Maintenance Fee Payments	0	1,730,934	2,347,771
	Total Patent Maintenance Fees (Large Entity)		\$1,084,590,254	\$1,143,861,851

<u>Fee Code</u>	<u>Fee Title</u>	<u>Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
Patent Maintenance Fees (Small Entity):				
2551	First Stage Maintenance	\$800	\$16,869,600	\$25,928,420
2552	Second Stage Maintenance	1,800	22,080,600	31,710,510
2553	Third Stage Maintenance	3,700	28,538,100	41,893,455
2554	First Stage Surcharge in Grace Period	80	177,120	381,825
2555	Second Stage Surcharge in Grace Period	80	108,080	219,520
2556	Third Stage Surcharge in Grace Period	80	68,400	143,760
2557	Surcharge After Expiration- Unavoidable Late Payment	350	350	0
2558	Surcharge After Expiration- Unintentional Late Payment	820	119,720	964,250
Total Patent Maintenance Fees (Small Entity)			\$67,961,970	\$101,241,740
Total Patent Maintenance Fees (Micro Entity):				
3551	First Stage Maintenance	\$400	\$3,789,600	\$702,800
3552	Second Stage Maintenance	900	4,959,900	894,600
3553	Third Stage Maintenance	1,850	6,410,250	1,128,500
3554	First Stage Surcharge in Grace Period	40	39,800	17,760
3555	Second Stage Surcharge in Grace Period	40	24,280	12,760
3556	Third Stage Surcharge in Grace Period	40	15,360	8,160
3557	Surcharge After Expiration - Unavoidable Late Payment	175	0	0
3558	Surcharge After Expiration - Unintentional Late Payment	410	26,650	30,750
Total Patent Maintenance Fees (Micro Entity)			\$15,265,840	\$2,795,330
Total Patent Maintenance Fees			\$1,167,818,064	\$1,247,898,921
Patent Extension Fees (Large Entity):				
1251	Extension for Response within First Month	\$200	\$22,759,800	\$20,275,210
1252	Extension for Response within Second Month	600	28,209,000	24,954,280
1253	Extension for Response within Third Month	1,400	63,730,800	54,135,264
1254	Extension for Response within Fourth Month	2,200	6,602,200	4,257,606
1255	Extension for Response within Fifth Month	3,000	11,322,000	7,568,662
Total Patent Extension Fees (Large Entity)			\$132,623,800	\$111,191,022
Patent Extension Fees (Small Entity):				
2251	Extension for Response within First Month	\$100	\$2,837,000	\$3,626,380
2252	Extension for Response within Second Month	300	4,647,600	6,173,942
2253	Extension for Response within Third Month	700	15,666,700	21,839,372
2254	Extension for Response within Fourth Month	1,100	1,929,400	2,279,935
2255	Extension for Response within Fifth Month	1,500	3,844,500	4,185,945
Total Patent Extension Fees (Small Entity)			\$28,925,200	\$38,105,574
Patent Extension Fees (Micro Entity):				
3251	Extension for Response within First Month	\$50	\$637,300	\$146,100
3252	Extension for Response within Second Month	150	1,044,000	264,244
3253	Extension for Response within Third Month	350	3,519,250	834,015
3254	Extension for Response within Fourth Month	550	433,400	132,263
3255	Extension for Response within Fifth Month	750	864,000	155,800
Total Patent Extension Fees (Micro Entity)			\$6,497,950	\$1,532,422

<u>Fee Code</u>	<u>Fee Title</u>	<u>Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
Total Patent Extension Fees			\$168,046,950	\$150,829,018
Patent Appeal Fees (Large Entity):				
1401	Notice of Appeal to Board of Appeals	\$800	\$25,956,000	\$17,612,150
1402	Filing a Brief in Support of an Appeal	0	0	4,980
1413	Forwarding an appeal in an application or ex parte reexamination proceeding to the Board	2,000	23,208,000	16,372,000
1404	Filing a brief in support of an appeal in an inter partes reexamination proceeding	2,000	1,228,000	878,000
1403	Request for an Oral Hearing	1,300	1,588,600	1,122,780
Total Patent Appeal Fees (Large Entity)			\$51,980,600	\$35,989,910
Patent Appeal Fees (Small Entity):				
2401	Notice of Appeal to Board of Appeals	\$400	\$2,194,400	\$2,427,190
2402	Filing a Brief in Support of an Appeal	0	0	940
2413	Forwarding an Appeal in an Application or Ex Parte Reexamination Proceeding	1,000	2,372,000	1,477,000
2404	Filing a Brief in Support of an Appeal in an Inter Partes Reexamination Proceeding to the Board	1,000	96,000	123,000
2403	Request for an Oral Hearing	650	137,800	132,600
Total Patent Appeal Fees (Small Entity)			\$4,800,200	\$4,160,730
Patent Appeal Fees (Micro Entity):				
3401	Notice of Appeal to Board of Appeals	\$200	\$493,000	\$79,600
3402	Filing a Brief in Support of an Appeal	0	0	0
3413	Forwarding an Appeal in an Application or Ex Parte Reexamination Proceeding	500	533,000	77,500
3404	Filing a Brief in Support of an Appeal in an Inter Partes Reexamination Proceeding to the Board	500	21,500	-1,500
3403	Request for an Oral Hearing	325	30,875	2,275
Total Patent Appeal Fees (Micro Entity)			\$1,078,375	\$157,875
Patent Trial Fees:				
1405	Petitions to the Chief Administrative Patent Judge under 37 CFR 41.3	\$400	\$66,000	\$16,800
1406	Inter partes review request fee - Up to 20 claims	9,000	4,050,000	11,744,800
1407	Inter partes review request of each claim in excess of 20	200	630,000	672,400
1414	Inter partes review post-institution fee - Up to 15 claims	14,000	6,300,000	16,464,000
1415	Inter partes post-institution request of each claim in excess of 15	400	945,200	2,067,600
1408	Post-grant or covered business method review request fee - Up to 20 claims	12,000	720,000	2,136,000
1409	Post-grant or covered business method review request of each claim in excess of 20	250	105,000	253,750
1416	Post-grant or covered business method review post-institution fee - Up to 15 claims	18,000	1,080,000	2,754,000
1417	Post Grant Review and Covered Business Method Post Institution Per Claim Fee Greater than 15	550	173,250	574,750
1412	Petition for a derivation proceeding	400	20,000	2,400
1411	Request to make a settlement agreement available and other requests filed in a patent trial proceeding	400	8,000	0

<u>Fee Code</u>	<u>Fee Title</u>	<u>Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
	Inter Partes Review Refund		-964,600	
	Post Grant Review Refund		-188,800	
	Total Patent Trial Fees		\$12,944,050	\$36,686,500
	Total Patent Trial and Appeal Fees		\$70,803,225	\$76,995,015
	Patent Revival Fees (Large Entity):			
1452	Petition to Revive Unavoidably Abandoned Application	\$640	\$66,560	\$3,110
1453	Petition to Revive Unintentionally Abandoned Application	1,900	7,981,900	5,950,850
1814	Statutory Disclaimer	160	11,989,440	8,184,390
	Total Patent Revival Fees (Large Entity)		\$20,037,900	\$14,138,350
	Patent Revival Fees (Small Entity):			
2452	Petition to Revive Unavoidably Abandoned Application	\$320	\$50,880	\$4,795
2453	Petition to Revive Unintentionally Abandoned Application	950	3,016,250	3,846,795
2814	Statutory Disclaimer	0	0	330
	Total Patent Revival Fees (Small Entity)		\$3,067,130	\$3,851,920
	Patent Revival Fees (Micro Entity):			
3452	Petition to Revive Unavoidably Abandoned Application	\$160	\$11,360	\$1,120
3453	Petition to Revive Unintentionally Abandoned Application	475	677,350	109,250
	Total Patent Revival Fees (Micro Entity)		\$688,710	\$110,370
	Total Patent Revival Fees		\$23,793,740	\$18,100,640
	PCT Application Fees (Large Entity):			
1631	Filing of PCT National Stage Application	\$280	\$15,743,560	\$16,767,890
1632	PCT National Stage Search - All Other Situations	600	361,200	1,395,620
1640	PCT National Stage Search - US was ISA or IPEA and All Claims Satisfy PCT Article	0	0	0
1641	PCT National Stage Search - US was the ISA	120	296,880	265,460
1642	PCT National Stage Search - Search Report Prepared and Provided to USPTO	480	25,369,440	26,490,780
1633	PCT National Stage Examination - All Other Situations	720	40,443,120	42,957,620
1643	PCT National Stage Examination - US was IPEA and All Claims Satisfy PCT Article 33(1)-(4)	0	0	0
1614	Independent Claims in Excess of Three	420	9,122,400	7,381,170
1615	Total Claims in Excess of Twenty	80	9,537,600	7,475,516
1616	Multiple Dependent Claims	780	2,360,280	863,260
1617	Search or Examination Fee, Oath or Declaration after 30 Months from Priority Date	140	3,526,880	3,203,460
1618	English Translation After 30 Months from Priority Date	140	268,240	187,450
1681	PCT National Stage Application Size	400	1,599,600	1,648,250
	Total PCT Application Fees (Large Entity)		\$108,629,200	\$108,636,476
	PCT Application Fees (Small Entity):			
2631	Filing of PCT National Stage Application	\$140	\$1,739,080	\$2,440,900
2632	PCT National Stage Search - All Other Situations	300	39,900	245,830
2640	PCT National Stage Search - USPTO is ISA or IPEA and All Claims	0	0	0

<u>Fee Code</u>	<u>Fee Title</u>	<u>Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
	Meet PCT Article			
2641	PCT National Stage Search - US was the ISA	60	130,440	122,090
2642	PCT National Stage Search - Search Report Prepared and Provided to USPTO	240	2,414,640	3,449,585
2633	PCT National Stage Examination - All Other Situations	360	4,426,920	6,176,850
2643	National Stage Examination - US was IPEA and All Claims Satisfy PCT Article 33(1)-(4)	0	0	0
2614	Independent Claims in Excess of Three	210	1,314,600	1,373,985
2615	Total Claims in Excess of Twenty	40	2,110,880	2,182,885
2616	Multiple Dependent Claims	390	322,140	210,110
2617	Search of Examination Fee, Oath or Declaration after 30 Months from Priority Date	70	365,540	658,990
2618	English Translation After 30 Months from Priority Date	70	28,280	52,850
2681	National Stage Application Size	200	207,200	332,680
	Total PCT Application Fees (Small Entity)		\$13,099,620	\$17,246,755
	PCT Application Fees (Micro Entity):			
3631	Filing of PCT National Stage Application	\$70	\$390,670	\$71,960
3632	PCT National Stage Search - All Other Situations	150	9,000	19,350
3640	PCT National Stage Search - USPTO is ISA or IPEA and All Claims Satisfy PCT Article	0	0	0
3641	PCT National Stage Search - USPTO is ISA	30	29,310	4,590
3642	PCT National Stage Search - Search Report Prepared and Provided to USPTO	120	542,400	90,360
3633	PCT National Stage Examination - All Other Situations	180	994,500	180,900
3643	PCT National Stage Examination - USPTO is IPEA and All Claims Satisfy PCT Article	0	0	0
3614	Independent Claims in Excess of Three	105	295,365	28,875
3615	Total Claims in Excess of Twenty	20	474,180	49,740
3616	Multiple Dependent Claims	195	72,345	8,190
3617	Search or Examination Fee, Oath or Declaration After 30 Months from Priority Date	35	82,110	13,090
3618	English Translation After 30 Months from Priority Date	35	6,335	1,400
3681	PCT National Stage Application Size Fee	100	46,500	7,100
	Total PCT Application Filing Fees (Micro Entity)		\$2,942,715	\$475,555
	Total PCT Application Filing Fees		\$124,671,535	\$126,358,786
	PCT Processing Fees:			
1601	PCT Transmittal Fee	\$240	\$9,676,320	\$11,945,040
1602	PCT Search Fee - Regardless of whether there is a corresponding application	2,080	28,778,880	24,494,800
1603	PCT Search Fee - Prior US Application Filed	300	0	0
1604	Supplemental Search per Additional Invention	2,080	838,240	1,181,440
1605	PCT - Preliminary Examination (USPTO is ISA)	600	669,000	414,600
1606	PCT - Preliminary Examination (USPTO is not ISA)	760	243,950	282,360
1607	Supplemental Examination per Additional Invention	600	4,200	4,800
1619	PCT - Late Payment	0	52,488	303,063
1620	PCT - Designation Confirmation	0	0	0

<u>Fee Code</u>	<u>Fee Title</u>	<u>Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
1621	Transmitting Application to International Bureau	240	18,000	126,000
1624	Suspense Account for PCT Payments	0	1,000,000	0
1625	Search fee - based on RO currency	var	0	35,267
1626	Search fee excess - based on RO currency	var	0	986
Total PCT Processing Fees			\$41,281,078	\$38,788,357
PCT Processing Fees (Small Entity):				
2601	PCT Transmittal Fee	\$120	\$1,264,560	\$1,485,120
2602	PCT Search Fee - No Prior US Application	1,040	3,760,640	8,112,000
2604	Supplemental Search per Additional Invention	1,040	109,200	213,200
2605	PCT - Preliminary Examination (USPTO is ISA)	300	87,300	56,700
2606	PCT - Preliminary Examination (USPTO is not ISA)	380	31,760	14,820
2607	Supplemental Examination per Additional Invention	300	600	900
2621	Transmitting Application to International Bureau	120	2,520	12,720
2625	Search fee - based on RO currency	var	0	25,993
Total PCT Processing Fees (Small Entity)			\$5,256,580	\$9,921,453
PCT Processing Fees (Micro Entity):				
3601	PCT Transmittal Fee	\$60	\$393,960	\$56,280
3602	PCT Search Fee - No Prior US Application	520	1,171,040	422,760
3604	Supplemental Search per Additional Invention	520	33,800	13,520
3605	PCT - Preliminary Examination (USPTO is ISA)	150	27,150	2,850
3606	PCT - Preliminary Examination (USPTO is not ISA)	190	9,620	1,140
3607	Supplemental Examination per Additional Invention	150	150	0
3621	Transmitting Application to International Bureau	60	840	600
3625	Search fee - based on RO currency	var	0	0
Total PCT Processing Fees (Micro Entity)			\$1,636,560	\$497,150
Total PCT Processing Fees			\$48,174,218	\$49,206,960
Total PCT Application and Processing Fees			\$172,845,753	\$175,565,746
Other Patent Processing Fees (Large Entity):				
1053	Non-English Specification	\$140	\$209,580	\$240,660
1451	Petition to Institute a Public Use Proceeding	0	0	0
1454	Acceptance of an Unintentionally Delayed Claim for Priority	1,420	961,340	1,583,150
1455	Filing an Application for Patent Term Adjustment	200	273,400	711,600
1456	Request for Reinstatement of Term Reduced	400	4,000	4,800
1457	Extension of Patent Term	1,120	67,200	56,000
1458	Initial Application for Interim Extension	420	420	2,940
1459	Subsequent Application for Interim Extension	220	220	0
1462	Petitions to the Director (Group I)	400	973,200	418,400
1463	Petitions to the Director (Group II)	200	1,380,000	926,400
1464	Petitions to the Director (Group III)	140	1,392,860	903,880
1802	Expedited Examination of Design Application	900	162,000	304,200
1804	Request for Publication of SIR - Prior to Examiner Action	0	0	0
1805	Request for Publication of SIR - After Examiner Action	0	0	-1,840
1806	Submission of Information Disclosure Statement	180	16,949,700	20,465,100
1807	Processing Fee for Provisional Applications	50	140,550	243,900

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1811	Certificate of Correction	100	1,298,000	1,207,900
1812	Request for Ex Parte Reexamination	12,000	5,580,000	2,715,730
1813	Request for Inter Partes Reexamination	0	0	0
1816	Processing fee for correcting inventorship in a patent	130	0	79,560
1818	Document Fee for Third-Party Submissions	180	0	66,420
1824	Petition in Reexamination Proceeding	1,940	1,301,740	1,165,920
1825	Refused Request for Ex Parte Reexamination	3,600	190,800	18,000
	Refunded Request for Ex Partes Reexamination	-8,400	-445,200	0
1826	Request for Supplemental Examination	4,400	6,292,000	83,600
1827	Reexamination Ordered as a Result of Supplemental Examination	12,100	17,303,000	205,700
1828	Supplemental Examination Document Size Fee (nonpatent document having 21-50 sheets)	180	22,860	2,160
1829	Supplemental Examination Document Size Fee (nonpatent document each additional 50 sheets or a fraction thereof)	280	3,360	7,840
1830	Processing Fee, Except in Provisional Applications	140	0	1,803,060
8016	Status of Maintenance Fee Payment (Uncertified Statement)	10	600	0
8022	Publication in Official Gazette	25	3,975	4,300
8025	Retaining Abandoned Application	0	0	0
8026	Handling Fee for Incomplete or Improper Application	130	39,520	63,310
1815	Suspense Account for Other Patent Processing Fees	0	45,000	2,490
1999	Patent Unassigned Fees	0	1,000,000	2,371,896
	Total Other Patent Processing Fees (Large Entity)		\$55,150,125	\$35,657,076
	Other Patent Processing Fees (Small Entity):			
2053	Non-English Specification	\$70	\$17,290	\$25,620
2454	Acceptance of an Unintentionally Delayed Claim for Priority	710	79,520	579,450
2462	Petitions to the Director (Group I)	200	80,200	111,400
2463	Petitions to the Director (Group II)	100	113,900	48,800
2464	Petitions to the Director (Group III)	70	114,940	161,770
2802	Expedited Examination of Design Application	450	13,500	44,100
2806	Submission of Information Disclosure Statement	90	1,398,510	2,113,110
2812	Request for Ex Partes Reexamination	6,000	642,000	630,000
2818	Document Fee for Third-Party Submissions	90	0	14,310
2824	Reexamination Petition	970	107,670	34,920
2825	Refused Request for Ex Parte Reexamination	1,800	21,600	0
	Refunded Request for Ex Partes Reexamination	-4,200	-50,400	0
2826	Supplemental Examination Request	2,200	440,000	28,600
2827	Supplemental Examination Reexamination	6,050	417,450	60,500
2828	Supplemental Examination Document Size Fees; 21-50	90	270	90
2829	Supplemental Examination Document Size Fees; Each Additional 50	140	0	0
2830	Processing Fee, Except in Provisional Applications	70	0	575,610
	Total Other Patent Processing Fees (Small Entity)		\$3,396,450	\$4,428,280
	Other Patent Processing Fees (Micro Entity):			
3053	Non-English Specification	\$35	\$3,885	\$560
3454	Acceptance of an Unintentionally Delayed Claim for Priority	355	17,750	38,185
3462	Petitions to the Director (Group I)	100	18,000	7,500
3463	Petitions to the Director (Group II)	50	25,600	1,500
3464	Petitions to the Director (Group III)	35	25,830	4,900
3802	Expedited Examination of Design Application	225	2,925	4,725

Fee Code	Fee Title	Fee Rates	President's Budget Plan Collections	Actual Collections
3806	Submission of Information Disclosure Statement	45	314,145	20,835
3812	Request for Ex Partes Reexamination	3,000	144,000	0
3824	Reexamination Petition	485	24,250	970
3825	Refused Request for Ex Parte Reexamination	900	4,500	0
	Refunded Request for Ex Partes Reexamination	-2,100	-10,500	0
3826	Supplemental Examination Request	1,100	99,000	0
3827	Supplemental Examination Reexamination	3,025	42,350	0
3828	Supplemental Examination Document Size Fees; 21-50	45	45	0
3829	Supplemental Examination Document Size Fees; Each Additional 50	70	0	0
3830	Processing Fee, Except in Provisional Applications	35	0	31,675
	Total Other Patent Processing Fees (Micro Entity)		\$711,780	\$110,850
	Total Other Patent Processing Fees		\$59,258,355	\$40,196,206
Patent Attorney Enrollment Fees:				
9001	Application Fee for Examination	\$40	\$149,200	\$136,800
9003	Attorney Fee - Registration to Practice or Grant of Limited Recognition	100	200,000	119,800
9004	Attorney Fee - Reinstatement to Practice	100	2,200	7,200
9005	Attorney Fee - Certificate of Good Standing as an Attorney or Agent	10	3,480	2,880
9006	Attorney Fee - Certificate of Standing as an Attorney or Agent, Suitable for Framing	20	500	460
9010	For Test Administration by Commercial Entity	200	701,400	642,000
9011	For Test Administration by USPTO	450	0	2,250
9012	Review of Decision by the OED Director under 11.2(c)	130	1,690	520
9013	Review of Decision of the OED Director under 11.2(d)	130	1,170	0
9014	Application Fee for Person Disciplined, Convicted of a Felony or Certain Misdemeanors under 11.7(h)	1,600	20,800	11,200
9015	Annual Fee for Registered Attorney or Agent, Active Status	120	0	0
9016	Annual Fee for Individual Granted Limited Recognition	25	0	0
9017	Annual Fee for Registered Attorney or Agent, Voluntary Inactive Status	50	0	0
9018	Requesting Restoration to Active Status from Voluntary Inactive Status	100	0	0
9019	Balance of Annual Fee Due Upon Restoration to Active Status	120	0	0
9020	Delinquency	50	0	0
9024	Unspecified other services, excluding labor	0	1,287	1,128
9025	Attorney Fee - Registration to Practice or Grant of Limited Recognition	100	60,000	58,600
	Total Patent Attorney Enrollment Fees		\$1,141,727	\$982,838
Patent Service Fees:				
8001	Printed Copy of Patent without Color	\$3	\$393,567	\$298,128
8003	Printed Copy of Plant Patent in Color	15	5,355	4,350
8004	Color Copy of Patent (Other than Plant) or SIR with Color Drawing	25	25	75
8005	Patent Application Publication	3	6,024	6,408
8007	Copy of Patent Application as Filed, if Provided on Paper	20	2,365,580	1,838,100
8008	Copy of Patent Related File Wrapper and Paper Contents of 400 or Fewer Pages, if Provided on Paper	200	476,800	275,800
8009	Additional Fee for Each Additional 100 Pages or Portion of Patent Related File Wrapper and Contents	40	157,280	70,480
8010	Certification of Patent-Related File Wrapper and Paper Contents	25	48,200	26,475
8011	Copy of Patent Related File Wrapper and Contents if Provided	55	186,395	180,400

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	Electronically other than on a Physical Electronic Medium as Specified			
8012	Additional Fee for Each Continuing Physical Electronic Medium in Single Order	15	4,800	2,805
8013	Copy of Office Records, Except Copies of Applications as Filed	25	217,400	202,925
8014	Assignment Records, Abstract of Title and Certification, per Patent	25	1,753,125	1,004,850
8017	Copy of Non-US Document	25	0	125
8020	International Type Search Report	40	40	40
8021	Recording Each Patent Assignment, Agreement or Other Paper	40	12,859,080	7,413,240
8023	Labor Charge for Services	40	264,320	122,440
8024	Unspecified Other Services, Excluding Labor	0	63,478	49,988
8031	Computer Records, At Cost	0	330,525	113,860
8041	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	55	0	0
8042	Additional Fee for Each Continuing Copy of Patent Related File Wrapper Contents as Specified	15	0	0
8043	Copy of Patent Related File Wrapper Contents	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
8901	REPS	0	297,272	224,745
8902	Self Service Copy Charge, per Page	0	297,242	576,495
8904	Annual Library Subscription	50	2,200	2,440
	Total Patent Service Fees		\$19,728,708	\$12,414,169
	Corporate Fees:			
9101	Processing Each Payment Refused or Charged Back	\$50	\$11,050	\$5,980
9201	Establish or Reinstate Deposit Account	10	2,720	2,703
9202	Service Charge for Below Minimum Balance on Deposit Accounts	25	104,625	84,068
9209	Partial service charge for closing a deposit account	0	295	1,684
	Total Corporate Fees		\$118,690	\$94,435
	Total Patent Fees		\$2,805,839,103	\$2,895,139,743
	Trademark Processing Fees:			
6001	Application for Registration (Paper Correspondence)	\$375	\$1,522,500	\$916,500
6002	Amendment to Allege Use (Paper Correspondence)	100	25,400	16,000
6003	Statement of Use (Paper Correspondence)	100	201,100	110,600
6004	Extension of Time for Filing a Statement of Use (Paper Correspondence)	150	278,850	152,400
6005	Petitions to the Director (Paper Correspondence)	100	49,000	25,800
6006	Division of Applications (Paper Correspondence)	100	5,400	4,900
6008	Additional Fee for Failure to Satisfy TEAS Plus Requirements	50	6,550	5,050
6201	Application for Renewal (Paper Correspondence)	400	826,800	639,200
6203	Additional Fee for Renewal Application in Grace Period (Paper Correspondence)	100	18,400	14,400
6204	Correcting Deficiency in Renewal Application	100	0	100
6205	Filing Affidavit Under Section 8 (Paper Correspondence)	100	603,700	371,600
6206	Filing Section 8 Affidavit during Grace Period (Paper Correspondence)	100	66,400	36,100
6207	Correcting a Deficiency in a Section 8 Affidavit	100	10,000	7,600

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6208	Filing Affidavit Under Section 15 (Paper Correspondence)	200	671,400	310,500
6210	Publication of Mark Under Section 12c	100	0	0
6211	Issuing New Certificate of Registration	100	19,200	600
6212	Certificate of Correction, Registrant's Error	100	1,700	2,100
6213	Filing Disclaimer to Registration	100	0	0
6214	Filing Amendment to Registration	100	134,400	9,500
6215	Filing §71 affidavit, per class	100	0	11,800
6216	Filing §71 affidavit grace period, per class	100	0	2,000
6401	Petition to Cancel (Paper Correspondence)	300	25,500	44,700
6402	Notice of Opposition (Paper Correspondence)	300	60,600	35,400
6403	Ex Parte Appeal (Paper Correspondence)	100	24,800	14,600
6991	Recordal Application Fee	20	0	820
6992	Renewal Application Fee	20	0	700
6993	Late Fee for Renewal Application	20	0	20
6994	Application fee for reactivation of insignia, per request	20	0	80
6999	Trademark Unassigned Fees	0	250,000	2,367
7001	Application for Registration (Electronic Correspondence)	325	83,546,450	89,806,275
7002	Amendment to Allege Use (Electronic Correspondence)	100	822,700	805,400
7003	Statement of Use (Electronic Correspondence)	100	9,853,700	9,442,900
7004	Extension of Time for Filing a Statement of Use (Electronic Correspondence)	150	34,584,750	33,038,250
7005	Petitions to the Director (Electronic Correspondence)	100	2,399,600	2,043,800
7006	Division of Applications (Electronic Correspondence)	100	264,800	299,500
7007	TEAS Plus	275	46,115,300	41,602,825
7008	Additional Fee for Failure to Satisfy TEAS Plus Requirements	50	156,950	151,450
7201	Application for Renewal (Electronic Correspondence)	400	26,736,400	27,321,200
7203	Additional Fee for Renewal Application in Grace Period (Electronic Correspondence)	100	594,900	742,900
7204	Correcting Deficiency in Renewal Application	100	0	2,100
7205	Filing Affidavit Under Section 8 (Electronic Correspondence)	100	19,520,700	17,724,300
7206	Filing Section 8 Affidavit during Grace Period (Electronic Correspondence)	100	2,147,300	1,868,400
7207	Correcting a deficiency in a §8 affidavit	100	90,000	117,900
7208	Filing Affidavit Under Section 15 (Electronic Correspondence)	200	21,707,400	19,394,200
7210	Publication of Mark Under Section 12c	100	0	300
7211	Issuing New Certificate of Registration	100	0	200
7212	Certificate of Correction, Registrant's Error	100	168,600	435,300
7213	Filing Disclaimer to Registration	100	0	0
7214	Filing amendment to registration	100	72,400	2,400
7215	Filing §71 affidavit, per class	100	0	0
7216	Filing §71 affidavit grace period, per class	100	0	0
7401	Petition to Cancel (Electronic Correspondence)	300	812,700	830,400
7402	Notice of Opposition (Electronic Correspondence)	300	2,970,600	2,448,900
7403	Ex Parte Appeal (Electronic Correspondence)	100	596,000	394,400
Total Trademark Processing Fees			\$257,962,950	\$251,208,737
Trademark Madrid Protocol Fees:				
6901	Certifying an International Application - Single Application (Paper Correspondence)	\$100	\$4,900	\$1,300
6902	Certifying an International Application - More than One Application (Paper Correspondence)	150	0	300
6903	Transmitting a Request to Record an Assignment or Restriction (Paper Correspondence)	100	0	100

<u>Fee Code</u>	<u>Fee Title</u>	<u>Fee Rates</u>	<u>President's Budget Plan Collections</u>	<u>Actual Collections</u>
6904	Filing a Notice of Replacement (Paper Correspondence)	100	0	0
6905	Filing an Affidavit Under 71 of the Act (Paper Correspondence)	100	0	200
6906	Surcharge for Filing an Affidavit Under 71 During Grace Period (Paper Correspondence)	100	0	0
6907	Transmitting a Subsequent Designation (Paper Correspondence)	100	0	0
6908	Correcting a deficiency in an affidavit under 71 of the Act	100	0	100
7901	Certifying an International Application - Single Application (Electronic Correspondence)	100	812,300	898,700
7902	Certifying an International Application - More than One Application (Electronic Correspondence)	150	208,350	249,450
7903	Transmitting a Request to Record an Assignment or Restriction (Electronic Correspondence)	100	0	100
7904	Filing a Notice of Replacement (Electronic Correspondence)	100	0	200
7905	Filing an Affidavit Under 71 of the Act (Electronic Correspondence)	100	0	873,900
7906	Surcharge for Filing an Affidavit Under 71 During Grace Period (Electronic Correspondence)	100	0	157,800
7907	Transmitting a Subsequent Designation (Electronic Correspondence)	100	119,200	118,500
7908	Correcting a deficiency in an affidavit under 71 of the Act	100	0	100
7931	Application Fee Filed at WIPO	325	12,059,125	11,605,700
7932	Renewal Fee Filed at WIPO	400	416,000	1,955,600
7933	Subsequent Designation Fee Filed at WIPO	325	1,221,025	924,625
9990	International Bureau Unassigned Fees	0	1,500,000	413,374
Total Trademark Madrid Protocol Fees			\$16,340,900	\$17,200,049
Trademark Service Fees:				
8501	Printed Copy of Registered Mark	\$3	\$24	\$339
8503	Certified Copy of Registered Mark, with Title and/or Status	15	112,050	127,260
8504	Certified Copy of Registered Mark, with Title and/or Status (Expedited)	30	55,350	78,600
8507	Certified Copy of Trademark Application as Filed	15	475,485	362,955
8508	Copy of Trademark File Wrapper and Contents (Certified or Uncertified)	50	17,650	59,200
8513	Copy of Trademark Document (Certified or Uncertified)	25	27,600	14,375
8514	Assignment Records, Abstracts of Title and Certification per Registration	25	32,450	20,175
8521	Recording Trademark Assignment, Agreement or Other Paper	40	1,503,480	1,433,240
8522	For Second and Subsequent Marks in the Same Document	25	5,379,350	5,140,600
8523	Labor Charge for Services	40	49,040	14,400
8524	Unspecified Other Trademark Services, Excluding Labor	0	2,960	1,760
8531	Trademark Computer Records	0	4,242	0
8532	Unassigned Trademark Service Fees	0	0	-170
8901	REPS	0	3,476	3,179
8902	Self Service Copy Charge, per Page	0	3,476	8,154
8904	Annual Library Subscription	50	1,600	1,760
Total Trademark Service Fees			\$7,668,233	\$7,265,826
Corporate Fees:				
9101	Processing Each Payment Refused or Charged Back	\$50	\$1,250	\$570
9201	Establish or Reinstate Deposit Account	10	300	257
9202	Service Charge for Below Minimum Balance on Deposit Accounts	25	11,750	8,007
9209	Partial service charge for closing a deposit account	0	33	160
Total Corporate Fees			\$13,333	\$8,994

<u>Fee Code</u>	<u>Fee Title</u>	<u>Fee Rates</u>	President's Budget Plan <u>Collections</u>	<u>Actual Collections</u>
	Total Trademark Fees		\$281,985,416	\$275,683,607
	Total United States Patent and Trademark Office Fees		\$3,087,824,519	\$3,170,823,349

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Appendix VII

FY 2016 Annual Performance Plan/FY 2014 Annual Performance Report

U. S. Patent and Trademark Office

Part 1: Agency and Mission Information

Section 1.1: Overview

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 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), and should be referenced in conjunction with this Annual Performance Plan (APP).

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 2016, the USPTO is expected to employ approximately 13,500 federal employees including patent examiners, trademark examining attorneys, computer scientists, attorneys, and administrative staff. Employee engagement, which helps facilitate the recruitment and retention of a highly qualified workforce, is a core component of the Office's business strategy. The USPTO was ranked #2 out of 314 agency subcomponents in the 2014 Best Places to Work in the Federal Government® report of the non-profit Partnership for Public Service.

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

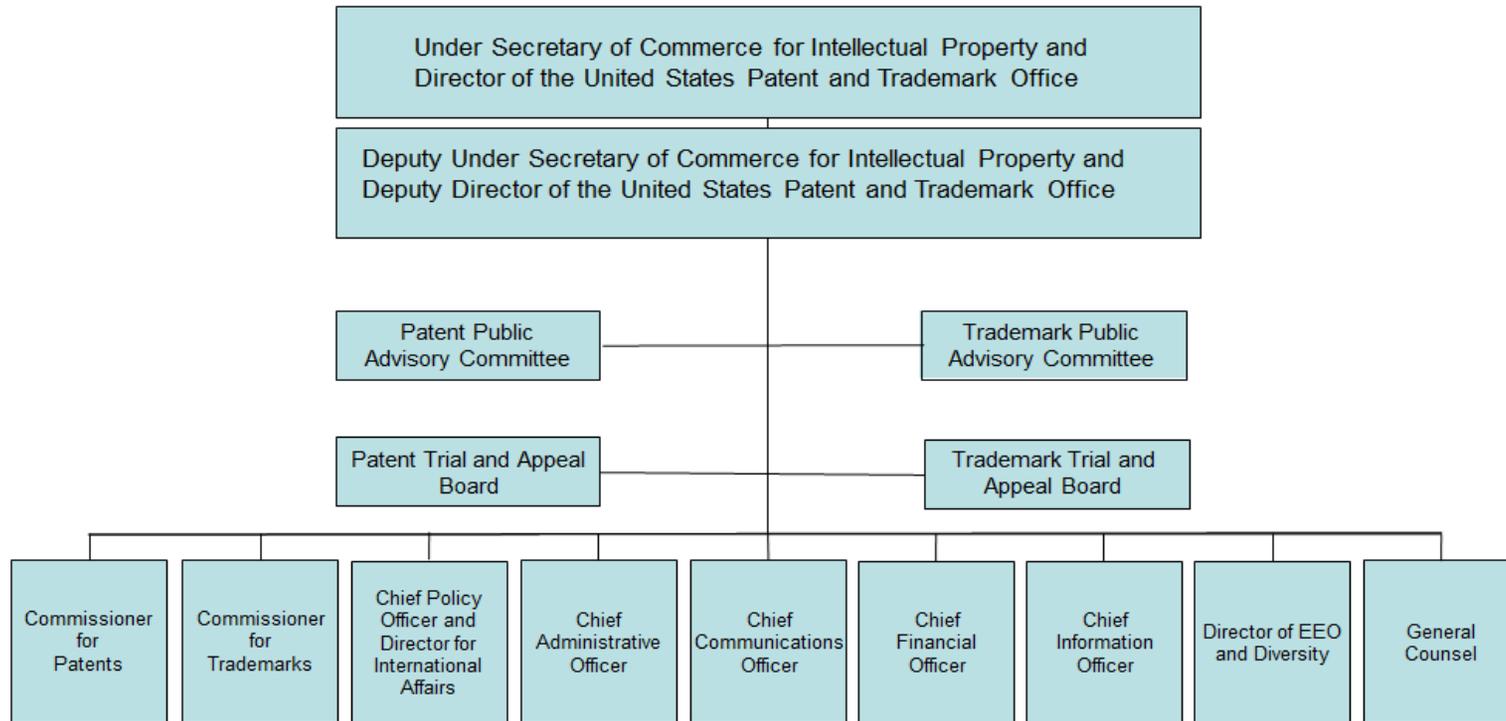
The USPTO is headquartered in Alexandria, Virginia. In FY 2012, the USPTO opened a satellite office in Detroit, Michigan, and identified three other sites – Denver, Colorado; Silicon Valley, California; and Dallas, Texas -- where the USPTO has been operating from temporary spaces. The permanent Denver satellite office opened in June 2014, the Silicon Valley office is on track to open in the spring of 2015, and the Dallas satellite office is scheduled to open in the fall of 2015. In addition, the USPTO has two storage facilities located in Virginia and Pennsylvania.

Section 1.2: Mission Statement

The USPTO Mission is to: Foster 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.

Section 1.3: Organizational Structure

UNITED STATES PATENT AND TRADEMARK OFFICE



Stakeholder Engagement – The USPTO engages its stakeholders in the strategic planning process upon which this APP is based. This was done by posting a draft strategic plan and providing a dedicated e-mail address for public comment; holding a public forum; and sending a draft plan to the USPTO’s two public advisory committees, three bargaining unit Presidents, DOC, OMB and the Congress. All comments were reviewed by senior managers from all business units, and appropriate changes made to the final plan. On-going, the USPTO ensures that stakeholder input is received on critical issues, such as the Patent initiative to work with stakeholders to refine long-term pendency goals, while considering requirements of the IP community.

Part 2: Cross-Agency Priority Goals

The USPTO neither leads nor contributes to cross-agency priority goals.

Part 3: Strategic Goals and Objectives

Section 3.1: Corresponding DOC Strategic Goals and Objectives

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>Mary Boney Denison</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	

Section 3.2: Strategies for Objectives

In its *2014-2018 Strategic Plan*, the USPTO adopted the following strategies to continue progress in meeting its mission and achieving its vision as a model IP office for the world.

- Rely on a balanced approach of skilled human capital, application of the best technologies, and continually improved processes to achieve a quality focused, cost effective and responsive organization.
- Maintain a cadre of talented staff with the technical and legal expertise and vision to guide and support the USPTO of the 21st century.
- Achieve a sustainable funding model that provides the resources for a high-performing organization, while recognizing budgetary pressures and the need for cost containment.
- Enhance international cooperation and harmonization in IP legislation, regulatory requirements, policies, and procedures.

Section 3.3: Progress Update for DOC Strategic Objectives

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.

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

The USPTO will pursue 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 2014 4,960 foreign officials were trained on best practices to protect and enforce IP.
- **Next Steps:** Continue training foreign officials.

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.

- Progress to Date: The USPTO opened the Denver Satellite Office on June 30, 2014, and signed a lease for permanent space in Silicon Valley in July 2014.
- Next Steps: Progress is on-going to open permanent locations in Silicon Valley, California in spring 2015 and Dallas, Texas in fall 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. In April 2014, the DOC’s Internet Policy Task Force announced a series of roundtable discussions that were held between May and July 2014 in cities around the country. The IPTF also worked on the issues identified in the Green Paper; i.e., (1) establishing an ongoing multi-stakeholder dialogue on improving the operation of the notice and takedown system under the Digital Millennium Copyright Act (DMCA); (2) soliciting public comment and convening roundtables around the country on three policy issues—the legal framework for the creation of remixes, the relevance and scope of the first sale doctrine in the digital environment, and the application of statutory damages in the context of individual file-sharers and secondary liability for large scale online infringement; and (3) convening an interagency group to consider the appropriate role for the government, if any, to help improve the online licensing environment, including access to comprehensive public and private databases of rights information.
- Next Steps: Prepare a draft of the Copyright White Paper.
- 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.

* Note: Currently projecting not to meet APG targets by end of FY 2015.

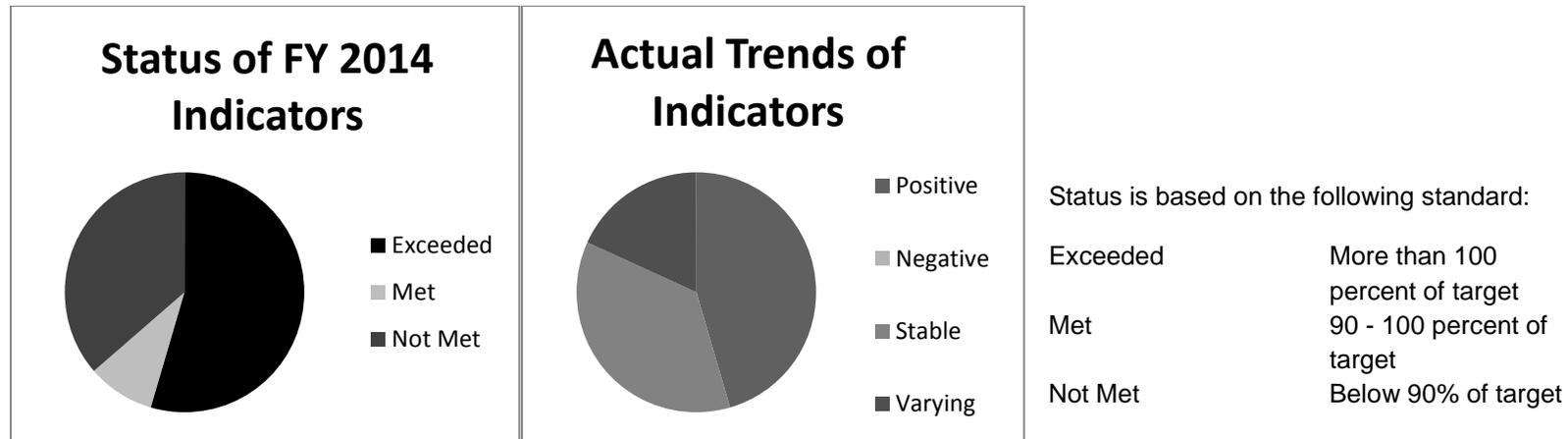
In addition, the USPTO will implement Glossary Pilot Program as part of Executive Action No. 2; (2) complete patent examiner transition to Cooperative Patent Classification (CPC) system; and (3) advise and assist international counterparts in promoting meaningful, effective and balanced IP protection and enforcement worldwide.

- Progress to Date: The USPTO made progress in achieving its long-term pendency targets, although the interim targets for FY 2014 were slightly below plan due to a focus on carrying out new initiatives. The USPTO initiated the examiner transition to the CPC in October 2013; launched the six-month Glossary Pilot program on June 2, 2014; hosted the third in a regular series of public Software Partnership meetings in December 2013, and another in July 2014; and modified examiner production and workflow systems in October 2013 to reduce the backlog of RCEs..
- Next Steps: Continue progress meeting performance targets; by January 2015, examiners will complete CPC training, enabling them to search in CPC and place CPC symbols on published patent applications and patent grants; continue with the Glossary Pilot; and reduce the backlog of RCE's by almost 65 percent from the beginning of FY 2013 through the end of FY 2016.
- Risk/Challenge: Lack of full access to fee revenue could prevent/delay execution of agency initiatives.

FY 2014 Accomplishments are addressed in the Progress to Date narratives above, as follows:

- Implement Cooperative Patent Classification System (CPC) – CPC is operational at USPTO. Substantial progress towards completing examiners' transition to CPC was made in FY 2014, with full implementation expected by January 2015.
- Implement White House Executive Actions – The USPTO has taken, and continues to take, actions to implement all seven Executive Actions; for example expanding patent examiner technical training, hosting roundtables with regard to AIA trials, establishing a patent litigation web site, and holding additional Pro Bono programs.
- Reduce Application Backlog – The backlog of unexamined patent applications has been reduced by almost 16 percent since FY 2009.
- Advise and assist international counterparts in promoting meaningful, effective, and balanced IP protection and enforcement worldwide – The USPTO trained 4,960 foreign government officials on best practices to protect and enforce IP.
- The USPTO opened the Denver Satellite Office on June 30, 2014, and signed a lease for permanent space in Silicon Valley in July 2014.
- The USPTO continued work on *The Green Paper on Copyright Policy, Creativity, and Innovation in the Digital Economy* that was released in July 2013. The next step will be preparation of the Copyright white paper.

Part 4: Performance Goals / Indicators



Section 4.1: Summary of Performance

An indicator with a positive trend is one in which performance is improving over time while a negative trend is an indicator that has declining performance. A stable trend is one in which the goal is to maintain a standard, and that that is occurring. A varying trend in one in which the data fluctuates too much to indicate a trend. At a minimum these indicators must have three years of data.

Section 4.2: Summary of Indicator Performance

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

Indicator	Target	Actual	Status	Trend
Number of Foreign Government Officials Trained on Best Practices to Protect and Enforce Intellectual Property	4,300	4,960	Exceeded	Varying

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.

Indicator	Target	Actual	Status	Trend
Patent Average First Action Pendency (Months)	17.4	18.4	Met	Positive
Patent Average Total Pendency (Months)	26.7	27.4	Met	Positive
Patent UPR Unexamined Application Backlog	593,700	605,646	Met	Positive
Patent Quality Composite Score	83-91	75.0	Not Met	Positive

Indicator	Target	Actual	Status	Trend
Trademark Average First Action Pendency (Months)	2.5 – 3.5	3.0	Met	Stable
Trademark Average Total Pendency (Months)	12.0	9.8	Exceeded	Stable
Trademark First Action Compliance Rate (Percent)	95.5	95.8	Exceeded	Stable
Trademark Final Compliance Rate (Percent)	97.0	97.2	Exceeded	Stable
Trademark Exceptional Office Action (Percent)	28.0	43.0	Exceeded	Positive
Percentage of prioritized countries for which country teams have implemented at least 75 percent of action steps in the country-specific action plans toward progress along following dimensions: 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	Exceeded	Varying

Section 4.3: Detailed Indicator Plans and Performance

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

INDICATOR	NUMBER OF FOREIGN GOVERNMENT OFFICIALS TRAINED ON BEST PRACTICES TO PROTECT AND ENFORCE INTELLECTUAL PROPERTY – DOC STRATEGIC OBJECTIVE 1.1							
Description	The Global Intellectual Property Academy (GIPA) offers training programs on protection, utilization and enforcement of IP rights, patents, trademarks, and copyrights. It is through the GIPA training programs that the USPTO is instrumental in achieving its objectives of advancing IP right policies and halting IP theft.							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	N/A	N/A	N/A	N/A	N/A	4,300	6,300	6,500
Actual	N/A	N/A	4,338	9,217	7,078	4,960		
Status			N/A	N/A	N/A	Met		
Trend	The trend line indicates that the performance trend is variable with significant variability of the direction of the trend line in predicting future results.							
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	The USPTO is authorized by statute to provide guidance, to conduct programs and studies, and to interact with IP offices worldwide and with international intergovernmental organizations on matters involving IP.							
<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	

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.

INDICATOR	PATENT AVERAGE FIRST ACTION PENDENCY (MONTHS) -- DOC STRATEGIC OBJECTIVE 2.5							
Description	This measure indicates the average time from the Utility, Plant and Reissue (UPR) application filing date to the date of mailing the First Office action. The measure is based on a three-month rolling time period. This is one of the two primary measures to track timeliness in the Patent organization.							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	27.5	25.4	23.0	22.6	18.0	17.4	15.7	14.6
Actual	25.8	25.7	28.0	21.9	18.2	18.4		
Status	Exceeded	Not Met	Not Met	Exceeded	Not Met	Met		
Trend	The trend line indicates that the performance trend is positive with some variability of the direction of the trend line in predicting future results.							
Explanation	The implementation of new initiatives in FY 2014, including the RCE backlog reduction efforts and the implementation of CPC, directly impacted production in the short term. The temporary reduction of resources to RCEs limited the extent to which new-case backlog and patent pendency could be reduced.							
Actions to be taken/Future Plans	The FY 2016 budget plans modify the hiring plans shown in the FY 2015 Budget. Under the revised plans, the Patent organization will begin its soft landing to achieve a patent examiner staffing level that is aligned with an ideal backlog and steady state pendency levels in FY 2015. This will be done by hiring 450 patent examiners in FY 2015 (a net of only 59 after attrition, and 550 less than the 1,000 projected in the FY 2015 President's Budget). In FY 2016, the new hires will be 250 or 95 fewer than projected attritions. 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. We continue to make progress in reducing patent pendency and will continue, with stakeholder input, to modify long-term Patent plans as needed.							
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 AVERAGE TOTAL PENDENCY (MONTHS) -- DOC STRATEGIC OBJECTIVE 2.5							
Description	Patent total pendency is the average time in months for a complete review of a UPR patent application, from the filing date to issue or abandonment of the application. The measure is based on a three-month rolling time period. This is one of the two primary measures to track timeliness in the Patent organization. Requests for Continued Examination (RCEs) are not included.							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	37.9	34.8	34.5	34.7	30.1	26.7	26.4	24.6
Actual	34.6	35.3	33.7	32.4	29.1	27.4		
Status	Exceeded	Not Met	Exceeded	Exceeded	Exceeded	Met		
Trend	The trend line indicates that the performance trend is positive with little variability of the direction of the trend line in predicting future results. However, the trend line from 2000 to 2010 was negative.							
Explanation	The implementation of new initiatives in FY 2014, including the RCE backlog reduction efforts and the implementation of CPC, directly impacted production in the short term. The temporary reduction of resources to RCEs limited the extent to which new-case backlog and patent pendency could be reduced.							
Actions to be taken/Future Plans	The FY 2016 budget plans modify the hiring plans shown in the FY 2015 Budget. Under the revised plans, the Patent organization will begin its soft landing to achieve a patent examiner staffing level that is aligned with an ideal backlog and steady state pendency levels in FY 2015. This will be done by hiring 450 patent examiners in FY 2015 (a net of only 59 after attrition, and 550 less than the 1,000 projected in the FY 2015 President's Budget). In FY 2016, the new hires will be 250 or 95 fewer than projected attritions. 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. We continue to make progress in reducing patent pendency and will continue to modify long-term Patent plans as needed.							
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 UPR UNEXAMINED APPLICATION BACKLOG – DOC STRATEGIC OBJECTIVE 2.5							
Description	The unexamined patent application backlog is the number of new utility, plant, and reissue (UPR) patent applications in the pipeline at any given time which are awaiting a First Office Action by the patent examiner. Continuation, continuation-in-part, and divisional applications are included in the total.							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target		722,100	659,000	615,300	566,800	593,700	534,900	484,495
Actual	718,835	708,535	669,625	608,283	584,998	605,646		
Status	N/A	Exceeded	Not Met	Exceeded	Not Met	Met		
Trend	The trend line indicates that the performance trend is positive with little variability of the direction of the trend line in predicting future results.							
Explanation	The implementation of new initiatives in FY 2014, including the RCE backlog reduction efforts and the implementation of CPC, directly impacted production in the short term. The temporary reduction of resources to RCEs limited the extent to which new-case backlog and patent pendency could be reduced.							
Actions to be taken/Future Plans	The USPTO has modified the hiring plans shown in the FY 2015 Budget. Under the revised plans, the Patent organization will begin its soft landing to achieve a patent examiner staffing level that is aligned with an ideal backlog and steady state pendency levels in FY 2015. This will be done by hiring 450 patent examiners in FY 2015 (a net of only 59 after attrition, and 550 less than the 1,000 projected in the FY 2015 President's Budget). In FY 2016, the new hires will be 250 or 95 fewer than projected attritions. 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. We continue to make progress in reducing patent pendency and will continue to modify long-term Patent plans as needed.							
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-- DOC STRATEGIC OBJECTIVE 2.5							
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 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	N/A	N/A	N/A	48 - 56	65 – 73	83 - 91	100	*
Actual	N/A	N/A	30.7	72.4	71.9	75.0		
Item 1: Final Disposition Compliance Rate (Percent)	94.4	96.3	95.4	96.6	96.2	95.6—97.0	97.0	*
Item 2: In-Process Compliance Rate (Percent)	93.6	94.9	95.2	95.9	96.3	94.6—97.0	97.0	*
Item 3: Pre FAOM Search Review	N/A	N/A	94.6	97.2	97.6	94.6—96.4	97.0	*
Item 4: Complete FAOM Search Review (Percent)	N/A	N/A	90.9	91.2	90.5	90.9—94.0	97.0	*
Item 5: Quality Index Report (Percent)	N/A	N/A	89.5	89.8	90.8	88.3—94.0	94.0	*
Item 6: External Quality Survey (Response Ratio – Positive to Negative)	N/A	N/A	3.0:1	5.2	5.8	3.1—5:1	5:1	*
Item 7: Internal Quality Survey (Response Ratio – Positive to Negative)	N/A	N/A	4.3:1	9.4	7.4	4.3—5.6:1	6:1	*
Status	N/A	N/A	N/A	Exceeded	Met	Not Met		
Trend	The trend line indicates that the performance trend is positive with some variability of the direction of the trend line in predicting future results.							
Explanation	Although the USPTO achieved 100% of goal in six of the seven metrics that comprise the Quality Composite Score, there was one metric that underperformed in FY 2014. The underperforming metric is a relatively new metric that was developed concurrent with the implementation of the Quality Composite Score at the start of FY 2011. As part of its new Quality Initiative, the USPTO believes that further refinements are needed in this metric and intends to work with the PPAC and our stakeholders to reassess the target originally established for this metric.							
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	* As part of our quality initiatives, we intend to evaluate and refine our quality metrics with our stakeholders, as stated in the 2014-2018 Strategic Plan.							
	<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>			
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 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5
Actual	2.7	3.0	3.1	3.2	3.1	3.0		
Status	Met	Met	Met	Met	Met	Met		
Trend	The trend line indicates that the performance trend is maintaining standards with slight variability of the direction of the trend line in predicting future results.							
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 48 new examining attorney positions, as well as support and specialized positions. Offsetting the incremental costs, the Office expects to manage overtime usage due to timely hiring and by setting appropriate levels of production incentives.							
Adjustments to targets	Trademark applicants have requested first action pendency within 2.5 to 3.5 months as optimal for meeting their needs.							
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>	
Trademark Reporting and Monitoring (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 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	13.0	13.0	12.5	12.0	12.0	12.0	12.0	12.0
Actual	11.2	10.5	10.5	10.2	10.0	9.8		
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded		
Trend	The trend line indicates that the performance trend is maintaining standards with slight variability of the direction of the trend line in predicting future results.							
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 48 new examining attorney positions, as well as support and specialized positions. Offsetting the incremental costs, the Office expects to manage overtime usage due to timely hiring and by setting appropriate levels of production incentives.							
Adjustments to targets	Trademark applicants have requested 12.0 months or less total pendency as optimal for meeting their needs.							
	Validation and Verification							
Data Source	Frequency	Data Storage	Internal Control Procedures			Data Limitations	Actions to be Taken	
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 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	95.5	95.5	95.5	95.5	95.5	95.5	95.5	95.5
Actual	96.4	96.6	96.5	96.2	96.3	95.8		
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded		
Trend	The trend line indicates that the performance trend is maintaining standards with slight variability of the direction of the trend line in predicting future results.							
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 determined 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.							
Validation and Verification								
Data Source	Frequency	Data Storage	Internal Control Procedures		Data Limitations		Actions to be Taken	
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 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0
Actual	97.6	96.8	97.0	97.1	97.1	97.2		
Status	Exceeded	Not Met	Met	Exceeded	Exceeded	Exceeded		
Trend	The trend line indicates that the performance trend is maintaining standards with slight variability of the direction of the trend line in predicting future results.							
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 determined 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.							
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 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	N/A	N/A	15.0	20.0	23.0	28.0	36.0	37.0
Actual	N/A	N/A	23.6	26.1	35.1	43.0		
Status	N/A	N/A	Exceeded	Exceeded	Exceeded	Exceeded		
Trend	The trend line indicates that the performance trend is positive with slight variability of the direction of the trend line in predicting future results.							
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 determined that 30 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.							
	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	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							
Description	Tracks the USPTO's efforts in relation to prioritizing countries of interest for purposes of improved IP protection and enforcement, capacity building, and legislative reform, including creation of country/region strategic plans and specific action plans.							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	N/A	50.0	75.0	75.0	75.0	75.0	75.0	75.0
Actual	N/A	75.0	100.0	75.0	100.0	100.0		
Status	N/A	Exceeded	Exceeded	Met	Exceeded	Exceeded		
Trend	The trend line indicates that the performance trend is maintaining standards with significant variability of the direction of the trend line in predicting future results.							
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	The USPTO is authorized by statute to provide guidance, to conduct programs and studies, and to interact with IP offices worldwide and with international intergovernmental organizations on matters involving IP.							
<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

Non-Recurring Indicators

Indicator discontinued beginning in FY 2015

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	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 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 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Target	N/A	N/A	N/A	75.0	75.0	75.0
Actual	N/A	N/A	79.0	69.3	100.0	
Status						
Trend	The trend line indicates that the performance trend is positive with significant variability of the direction of the trend line in predicting future results.					
Explanation (if not met in FY 2014)						

Part 5: Other Information

None

Part 6: Agency Priority Goals

APG Statement, Overview and Goal Leader

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.			

* Note: Currently projecting not to meet APG targets by end of FY 2015

Part 7: Resource Requirements Table

<i>(Dollars in thousands)</i>	FY 2014	FY 2015 President's Budget	FY 2015 Current Plan	FY 2016 President's Budget	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate	FY 2020 Estimate
USPTO GOAL 1: OPTIMIZE PATENT QUALITY AND TIMELINESS								
Amount	2,685,191	2,850,075	2,969,569	3,130,701	3,059,340	3,121,438	3,187,084	3,271,624
Full Time Equivalent (FTE)	10,874	12,029	11,768	12,063	12,017	11,953	11,983	12,096
USPTO GOAL 2: OPTIMIZE TRADEMARK QUALITY AND TIMELINESS								
Amount	262,802	274,134	298,715	300,814	296,958	303,190	309,472	318,364
FTE	888	990	987	1,061	1,113	1,158	1,208	1,256
USPTO GOAL 3: PROVIDE DOMESTIC AND GLOBAL LEADERSHIP TO IMPROVE INTELLECTUAL PROPERTY POLICY, PROTECTION AND ENFORCEMENT WORLDWIDE								
Amount	49,464	66,689	62,546	67,533	66,322	67,102	67,825	68,570
FTE	131	184	165	190	190	190	190	190
Amounts not Supporting Goals*	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
USPTO Requirements	2,999,457	3,192,898	3,332,830	3,501,048	3,424,620	3,493,730	3,566,382	3,660,557
FTE	11,894	13,203	12,920	13,314	13,319	13,301	13,381	13,542
Fee Collections	3,172,236	3,441,458	3,142,115	3,206,672	3,284,930	3,563,755	3,661,370	3,863,980
Other Income/Recoveries	35,887	21,800	27,800	27,800	27,800	27,800	27,800	27,800
Funding to(-) / from(+) Operating Reserve	(208,666)	(270,360)	162,915	266,576	111,890	(97,825)	(122,788)	(231,223)
TOTAL FUNDING	2,999,457	3,192,898	3,332,830	3,501,048	3,424,620	3,493,730	3,566,382	3,660,557
Operating Reserve: Patents	493,711	950,851	372,674	142,106	44,775	137,196	246,606	454,854
Operating Reserve: Trademarks	157,246	119,480	115,367	79,359	64,800	70,204	83,582	106,557

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

Part 8: Other Information

Section 8.1: Major Management Priorities, Challenges, and Risks

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

Innovation: The USPTO must address a variety of internal and external challenges, including waiting times for filings, responding to stakeholder concerns about patent quality, and advocating for greater protection for IP rights. USPTO must also address challenges related to managing its large and dispersed workforce.

- The USPTO's efforts to reduce the patent backlog, improve processing times, and implement patent reform are addressed in the FY 2016 Budget Plans: Summary of Requirements section of the Executive Summary, and the Patent Program section of this Budget.
- The USPTO advocates for U.S. Government IP policy by increasing its presence and activities domestically and internationally. works with the business, community and other government agencies to secure 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.
- The USPTO's expansion country-wide through the satellite offices and the telework program emphasizes the importance of managing a large and dispersed work force (for example, by building a Senior Leadership Development Program); ensuring the security of employees at all USPTO locations; continuing to enhance our telework environment by expanding telework opportunities and developing skill sets specific to leadership in a telework environment; and establishing a Labor Management Forum (LMF) to focus on topics of mutual interest.

Operational Excellence: This goal calls on all facets of the DOC to maintain “customer-focused” drive.

- The USPTO Strategic Plan 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 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.

Major Management Priorities include the following:

- Implementation of the USPTO Management Goal objectives and initiatives that are included in the *USPTO 2014-2018 Strategic Plan*.
- Office-specific contributions to government-wide management initiatives such as priorities established through Executive Order (EO) can be found in the USPTO's FY 2016 Budget: The Congressional Budget Justification where required funding to meet energy conservation requirements under EO 13423 and EO 13514 are documented.
- Execution of 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 8.2: Cross-Agency Collaborations

None

Section 8.3: Evidence Building

The USPTO relies on research and evaluations from a variety of sources to make informed decisions based on analysis. For example, the USPTO considers a number of economic factors and relevant indicators when forecasting its workload, such as 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 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, 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

In May 2014, the USPTO published a paper entitled "Monetizing Marks: Insights from the USPTO Trademark Assignment Dataset," along with a public-use dataset that contained detailed information on assignments, mergers, security interests, and other transactions involving trademarks that were recorded at the USPTO. These data were released as part of an ongoing initiative to make patent and trademark information available in a form convenient for public use and academic research. In releasing the data, the USPTO aims to encourage new streams of research on trademarks, the market for brands, trademark collateralization, and the evolving ways owners are employing and monetizing their IP assets.

In FY 2014, Congress continued its review of our nation's copyright laws. It held numerous hearings and introduced several pieces of copyright-related legislation in FY 2014. In July 2013, the U.S. Department of Commerce's Internet Policy Task Force (IPTF) released the paper "Copyright Policy, Creativity, and Innovation in the Digital Economy" ("Green Paper") to advance discussion of copyright issues critical to economic growth. The Green Paper was drafted by the USPTO with input from the National Telecommunications and Information Administration (NTIA). In FY 2014, the IPTF worked on the issues identified in the Green Paper. This involved (1) establishing an ongoing multi-stakeholder dialogue on improving the operation of the notice and takedown system under the Digital Millennium Copyright Act (DMCA); (2) soliciting public comment and convening roundtables around the country on three policy issues—the legal framework for the creation of remixes, the relevance and scope of the first sale doctrine in the digital environment, and the application of statutory damages in the context of individual file-sharers and secondary liability for large scale online infringement; and (3) convening an interagency group to consider the appropriate role for the government, if any, to help improve the online licensing environment, including access to comprehensive public and private databases of rights information.

Section 8.4: Hyperlinks

Hyperlinks are included in Section 8.3, above.

Section 8.5: Data Validation and Verification

The FY 2014 Summary of Performance and Finance Information includes in the Secretary's Statement an assessment of the reliability and completeness of the Department's performance data.

Section 8.6: Lower-Priority Program Activities

Not applicable to the USPTO. The President's Budget identifies the lower-priority program activities, where applicable, as required under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access the volume at: <http://www.whitehouse.gov/omb/budget>.

APPENDIX VIII

GLOSSARY OF ACRONYMS AND ABBREVIATION LIST

Acronym	Definition
ABI	Activity Based Information
AIA	America Invents Act
AIS	Automated Information Systems
APJs	Administrative Patent Judges
APP	Annual Performance Plan
BC/BDR	Business Continuity and Disaster Recovery
BPAG	Budget and Performance-at-a-Glance
CAFC	United States Court of Appeals for the Federal Circuit
CIF	Capital Improvement Fund
COTS	Commercial-Off-The-Shelf
CPC	Cooperative Patent Classification
CPIC	Capital Planning and Investment Control
DOC	Department of Commerce
EEO	Equal Employment Opportunity
EO	Executive Order
EPO	European Patent Office
FAOM	First Action on the Merits
FPNG	Fee Processing Next Generation
FTE	Full-Time Equivalent
FY	Fiscal Year
GIPA	Global Intellectual Property Academy
GSA	General Services Administration
IP	Intellectual Property
IP5	The Five IP Offices
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

Acronym	Definition
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
PE2E	Patents End-to-End
PETTP	Patent Examiner Technical Training Program
PPAC	Patent Public Advisory Committee
PPH	Patent Prosecution Highway
PRPS	Patent Review Processing System
PTAB	Patent Trial and Appeal Board
PTAB E2E	PTAB End-to-End
PTFRF	Patent and Trademark Fee Reserve Fund
RCE	Request for Continued Examination
RGDP	Real Gross Domestic Product
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
TTAB	Trademark Trial and Appeal Board
U.S.	United States
UPR	Utility, Plant and Reissue
USG	U. S. Government
USPTO	United States Patent and Trademark Office
USTR	United States Trade Representative
WIPO	World Intellectual Property Organization
WTO	World Trade Organization
XML	eXtensible Markup Language