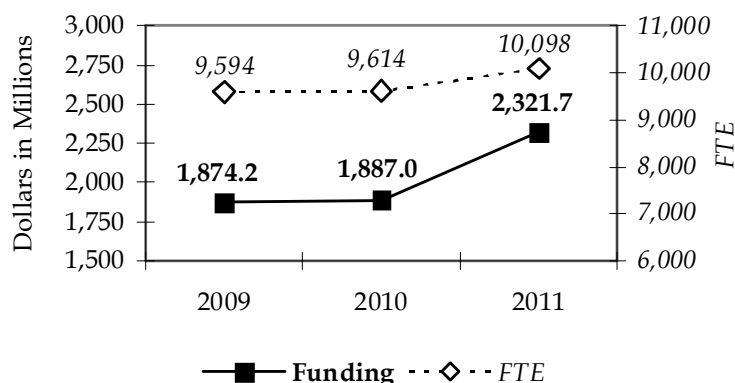


## U.S. Patent and Trademark Office

The mission of the U.S. Patent and Trademark Office (USPTO) is to foster 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. This mission is accomplished by the USPTO through its two distinct business lines, Patents and Trademarks, which administer the patent and trademark laws [15 U.S.C. 113 and 35 U.S.C. 41 and 376]. These laws provide protection to inventors and businesses for their inventions and corporate and product identifications, and encourage innovation and scientific and technical advancement of American industry through the preservation, classification, and dissemination of patent and trademark information. In addition to the examination of applications for patents and trademark registrations, the USPTO provides technical advice and information to Executive Branch agencies on IP matters and trade-related aspects of IP rights, and assists governments of other countries in establishing regulatory and enforcement mechanisms to meet their international obligations relating to the protection of IP.

Funding requested for FY 2011 will be used in support of USPTO's strategic priorities to improve patent pendency, improve examination quality, invest in and improve IT infrastructure and tools and demonstrate global leadership in all aspects of IP policy development.

### Total Funding and FTE



## Summary of Appropriations

Funding Levels	2009	2010	2011	Increase
	Actual	Estimate	Estimate	(Decrease)
New Offsetting Collections/Program Level*	\$1,874,226	\$1,887,000	\$2,321,724	\$434,724
Fee Collections <sup>1</sup>	(1,874,226)	(2,003,008)	(2,097,720)	(94,712)
Patent Fee Collection Surcharge <sup>2</sup>			(224,004)	(224,004)
Unappropriated Fee Collections, Available for Obligation, subject to further appropriation		116,008		(116,008)
<b>TOTAL APPROPRIATION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfer to IG	(2,000)	0	0	0
<b>Budget Authority</b>				
New Offsetting Collections/Program Level*	1,872,226	1,887,000	2,321,724	434,724
Fee Collections <sup>1</sup>	(1,874,226)	(2,003,008)	(2,097,720)	(94,712)
Patent Fee Collection Surcharge <sup>2</sup>			(224,004)	(224,004)
Total Budget Authority	(2,000)	(116,008)	0	116,008
<b>FTE</b>	<b>9,594</b>	<b>9,614</b>	<b>10,098</b>	<b>484</b>

\* Excludes collections for reimbursables.

<sup>1</sup>FY 2010 current fee estimates are above FY2010 Appropriation

<sup>2</sup>FY 2011 fee estimates include a 15% surcharge on Patent fees

## Highlights of Budget Changes

### Appropriation: Salaries and Expenses

#### Summary of Requirements

	<u>Detailed</u>		<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
<b>2010 Enacted Appropriation</b>				\$0
<b>2010 Enacted fee collections</b>			9,614	1,887,000
<b>Re-estimate of USPTO fee collections</b>				2,003,008
Unavailable offsetting collections, subject to appropriation				(116,008)
Other Income/Recoveries				18,400
USPTO Funding from Operating Reserve				83,168
<b>Funds currently available, 2010</b>			<b>9,614</b>	<b>1,988,568</b>
<b>Adjustments to Base</b>				
<b><u>Other Changes</u></b>				
2010 Pay raise		5,322		
2011 Pay raise		18,387		
Full year cost in 2011 for positions financed for part-year in FY 2010	207	24,016		
Other Compensation Adjustments		49,182		
Civil Service Retirement System (CSRS)		(2,230)		
Federal Employees' Retirement System (FERS)		3,459		
Thrift Savings Plan		618		
Federal Insurance Contributions Act (FICA) - OASDI		1,935		
Health insurance		1,541		
Travel		43		
Rent payments to GSA		1,331		
Printing and reproduction		318		
OPM Transfer- Mandatory Requirements <sup>1</sup>		2,875		
General Pricing Level Adjustment:		5,297		
Subtotal, Other Changes			207	112,095
Less: Cost Saving Measures				(1,162)
<b>TOTAL, ADJUSTMENTS TO BASE</b>			<b>207</b>	<b>110,933</b>
<b>2011 Base</b>			<b>9,821</b>	<b>2,099,502</b>
Program Changes			277	231,764
<b>TOTAL REQUIREMENTS</b>			<b>10,098</b>	<b>2,331,266</b>
Total Offsetting Fee Collections <sup>2</sup>				(2,321,724)
Other Income/Recoveries				(18,400)
USPTO Funding from Operating Reserve				8,857
<b>2011 NET APPROPRIATION</b>			<b>10,098</b>	<b>(0)</b>

<sup>1</sup> Increased portion of post-retirement benefits due to Office of Personnel Management as required by USPTO's appropriation.

<sup>2</sup> Includes \$2,097,720K in existing fee structure and \$224,004K for requested Patent Surcharge

**Comparison by Activity**

	2010 Currently Avail.		2011 Base		2011 Estimate		Increase / Decrease	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
<b>DIRECT OBLIGATIONS</b>								
Patents	8,674	\$1,720,560	8,886	\$1,875,569	9,157	\$2,073,033	271	\$197,464
Trademarks	940	204,937	935	215,533	941	249,833	6	34,300
<b>DIRECT OBLIGATIONS</b>	<b>9,614</b>	<b>1,925,497</b>	<b>9,821</b>	<b>2,091,102</b>	<b>10,098</b>	<b>2,322,866</b>	<b>277</b>	<b>231,764</b>
<b>Reimbursables</b>		<b>8,400</b>		<b>8,400</b>		<b>8,400</b>	<b>0</b>	<b>0</b>
<b>TOTAL OBLIGATIONS</b>	<b>9,614</b>	<b>1,933,897</b>	<b>9,821</b>	<b>2,099,502</b>	<b>10,098</b>	<b>2,331,266</b>	<b>277</b>	<b>231,764</b>
<b>FINANCING</b>								
Fees		(2,003,008)				(2,321,724)		
Other Income/Recoveries		(18,400)				(18,400)		
USPTO Funding from Operating Reserve		(28,497)				8,857		
Subtotal Financing		(2,049,905)				(2,331,267)		
<b>TOTAL BUDGET AUTHORITY</b>	<b>9,614</b>	<b>(116,008)</b>			<b>10,098</b>	<b>(0)</b>		
Unappropriated Fee Collections, Available for Obligation, subject to further appropriation		116,008				0		
<b>TOTAL APPROPRIATION</b>	<b>9,614</b>	<b>0</b>			<b>10,098</b>	<b>(0)</b>		

**Highlights**

	Base		Increase / Decrease	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Patent Process	8,886	\$1,875,569	271	\$197,464

Resources requested in FY 2011 will be used for examining patent applications, granting patents, and to continue reengineering the quality management program. USPTO will also implement an aggressive patent pendency reduction agenda to reduce overall pendency by nearly 50 percent within four years.

Trademark Process	935	\$215,533	6	\$34,300
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The FY 2011 Budget provides resources for examining trademark applications, registering trademarks, maximizing the use of e-government for conducting business with applicants and registrants, and improving trademark practices worldwide.

## Performance Outcomes and Measures

(Dollars reflect direct obligations in Millions)

The USPTO supports the Department's strategic objective to "protect intellectual property and improve the patent and trademark systems". The USPTO focuses on measuring patent and trademark quality and timeliness, and improving IP protection and enforcement domestically and abroad in concert with our focused management priorities.

	2009 Actuals	2010 Enacted/Targets	2011 Estimate/Targets
<b>Outcome 1: Optimize Patent Quality and Timeliness</b>	<b>\$1,629.2</b>	<b>\$1,679.8</b>	<b>\$2,026.9</b>
In-process examination compliance rate**	93.2%	N/A	N/A
Non-final In-process examination compliance rate**	New	94.0%	94.0%
Allowance compliance rate**	96.9%	N/A	N/A
Final Rejection allowance compliance rate**	New	94.5%	95.0%
Average first action pendency (months)	25.8	25.4	23.1
Inventory position (months)***	26.0	25.6	17.8
Average total pendency (months)	34.6	34.8	34.4
Applications filed electronically	82.5%	90.0%	92.0%
<b>Outcome 2: Optimize Trademark Quality and Timeliness</b>	<b>\$184.0</b>	<b>\$191.5</b>	<b>\$234.8</b>
First action compliance rate	96.4%	95.5%	95.5%
Final compliance rate	97.6%	97.0%	97.0%
Average first action pendency (months)	2.7	2.5 to 3.5	2.5 to 3.5
Average total pendency (months)	11.2	13.0	13.0
Applications processed electronically	62.0%	65.0%	68.0%
<b>Goal 3: Improve Intellectual Property Protection and Enforcement Domestically and Abroad</b>	<b>\$43.2</b>	<b>\$54.2</b>	<b>\$61.2</b>
Percentage of countries on the USTR 301 list, awaiting WTO accession, or targeted by OIPPE for improvements that have positively amended or improved their IP systems	54.0%	50.0%	52.0%
Number of countries that implemented at least 75% of action steps which improve IP protections in the joint cooperation, action or work plans	5	6	6
<b>Total*</b>	<b>\$1,856.4</b>	<b>\$1,925.5</b>	<b>\$2,322.9</b>

\*Total does not include funding available from reimbursable agreements

\*\* The USPTO is seeking input from stakeholders on how quality should be measured. A Federal Register Notice has been published, asking for stakeholders' comments on quality. New quality measures will be introduced based on this feedback. In the meantime, the Agency shifted resources from end-process review to place more emphasis on front-end quality and reviewing non-final actions in order to prevent unnecessary re-work. This approach also allows the Agency to focus on final disposition of applications including final rejections.

\*\*\*The USPTO is instituting a new, more transparent measure related to the backlog of unexamined applications. The traditional first action pendency measure reflects work that has already received a first action, and therefore is not reflective of work waiting to be completed. The new "inventory position" (in months) measure relates the current backlog to the capacity of the Agency to complete that work and is more reflective of the first action pendency of the unexamined backlog. This additional measure will allow the Agency to have visibility into the process from another perspective.