

U.S. Patent and Trademark Office

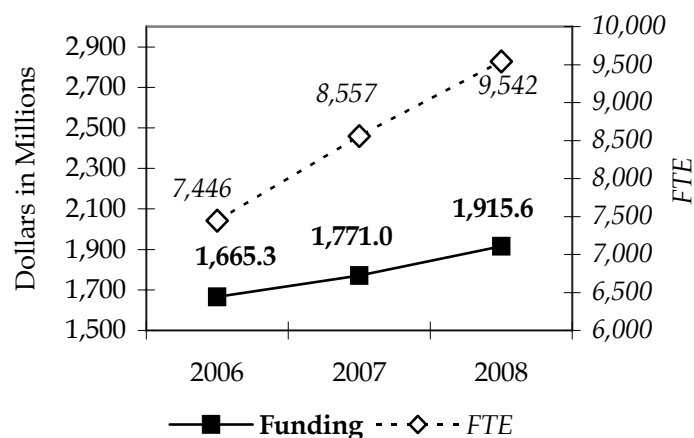
The mission of the U.S. Patent and Trademark Office (USPTO) is to foster innovation and competitiveness by providing high quality and timely examination of patent and trademark applications, guiding domestic and international intellectual property policy, and delivering intellectual property information 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 patent grants and trademark registrations, the USPTO

provides technical advice and information to Executive Branch agencies on intellectual property matters and trade-related aspects of intellectual property rights, and assists governments of other countries in establishing regulatory and enforcement mechanisms to meet their international obligations relating to the protection of intellectual property.

Increases requested for FY 2008 focus on improving the quality and timeliness of Patent and Trademark processes.

Total Funding and FTE



Summary of Appropriations

Funding Levels

	2006	2007	2008	Increase (Decrease)
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	
New Offsetting Collections/Program Level	\$1,665,279	\$1,771,000	\$1,915,552	\$144,552
Fee Collections	(1,665,279)	(1,771,000)	(1,915,552)	(144,552)
TOTAL APPROPRIATION/BUDGET AUTHORITY	0	0	0	0
FTE	7,446	8,557	9,542	985

Highlights of Budget Changes

Appropriation: Salaries and Expenses

	<u>Detailed</u>		<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
2007 Continuing Resolution				
Fee collections in 2007			8,557	\$1,771,000
Adjustment to support level in 2007 President's Budget				71,966
Adjustment to reflect re-estimate of USPTO fee collections				(71,966)
Funds currently available, 2007			<u>8,557</u>	<u>1,771,000</u>
Adjustments to Base				
<u>Other Changes</u>				
2007 Pay raise		\$4,506		
2008 Pay raise		20,201		
Full year cost in 2007 for positions financed for part-year in FY 2007	501	34,976		
Within-grade step increases		8,802		
Changes in compensable day		7,208		
Civil Service Retirement System (CSRS)		(1,769)		
Federal Employees' Retirement System (FERS)		2,830		
Thrift Savings Plan		505		
Federal Insurance Contributions Act (FICA) - OASDI		1,468		
Health insurance		3,290		
Travel		1		
Rent payments to GSA		2,210		
Printing and reproduction		942		
General Pricing Level Adjustment:		9,754		
TOTAL, ADJUSTMENTS TO BASE			<u>501</u>	<u>94,924</u>
2008 Base			<u>9,058</u>	<u>1,865,924</u>
Program Changes			<u>484</u>	<u>49,628</u>
TOTAL REQUIREMENTS			<u>9,542</u>	<u>1,915,552</u>
Total Offsetting Fee Collections				(1,915,552)

Comparison by Activity

	2007 Currently Avail.		2008 Base		2008 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>
DIRECT OBLIGATIONS								
Patents	7,582	\$1,569,000	8,074	\$1,657,945	8,522	\$1,701,402	448	\$43,457
Trademarks	975	202,000	984	207,979	1,020	214,150	36	6,171
TOTAL OBLIGATIONS	8,557	1,771,000	9,058	1,865,924	9,542	1,915,552	484	49,628
FINANCING								
Fees		(1,771,000)				(1,915,552)		
TOTAL APPROPRIATION/ BUDGET AUTHORITY	8,557	0			9,542	0		

Highlights of Program Changes

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Patent Process	8,074	\$1,657,945	+448	+\$43,457

The increase requested for FY 2008 will fund the hiring of 1,210 new patent examiners to address an increased patent examination workload. Resources also are requested for the Board of Patent Appeals and Interferences to address a greater than fifty percent increase in continuations with notices of appeal. The increase would also implement changes to the qualifications required to represent parties on patent matters. These changes will improve USPTO's performance in reaching its quality and timeliness targets.

Trademark Process	984	\$207,979	+36	+\$6,171
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The increases requested for FY 2008 will implement the strategic initiatives contained in the updated USPTO FY 2007-2012 Strategic Plan that contribute to achieving quality and timeliness targets.

USPTO Performance Measures

The USPTO supports the Department's strategic goal to foster science and technological leadership by protecting intellectual property. The USPTO's strategic goals and corresponding initiatives enable us to optimize patent and trademark quality and timeliness, and improve intellectual property protection and enforcement domestically and abroad in concert with our focused management priorities that encompass:

Permanent Fee Legislation/Sustained Funding Stream — Permanent enactment of the fee changes made with the Consolidated Appropriations Act of 2005 is necessary to provide a stable and predictable funding stream for the agency.

Resolute Emphasis on Quality and Productivity — Quality and productivity are the most important components of USPTO's draft strategic plan for FY 2007-2012.

Timeliness — In order to meet applicant needs, USPTO is continuing to address the challenges of rising workloads and the shift of applications from traditional arts to more complex technologies by hiring additional examiners and exploring process changes. Additionally, in FY 2006, the Patent Business implemented an accelerated examination process for those applicants who desire a final disposition of their application within 12 months.

Electronic Workplace – The Patent and Trademark operations are rapidly moving to eliminate paper documents from their processes. Electronic communications will continue to be improved, encouraging more applicants to do business electronically with the delivery of Web-based text and image systems.

Strengthen Intellectual Property (IP) Protection Worldwide – As contained in the USPTO draft strategic plan for FY 2007-2012, the USPTO continues to work as a member of the Strategy Targeting Organized Piracy (STOP!) initiative and the National Intellectual Property Law Enforcement Coordinating Council (NIPLECC) to improve IP protections and enforcement. USPTO will also continue to work with its IP partners and other IP offices to improve the efficiency of processing systems and streamline the IP system.

Performance Goals and Measures

(Dollars reflect obligations in Millions)

	2006 Actuals*	2007 Estimate/Target	2008 Estimate/Target
Goal 1: Optimize Patent Quality and Timeliness	\$1,443,745	\$1,535,087	\$1,666,597
In-process examination compliance rate	90.0%	88.0%	89.0%
Allowance compliance rate	96.5%	96.0%	96.0%
Average first action pendency (months)	22.6	23.7	24.9
Average total pendency (months)	31.1	33.0	34.7
Applications filed electronically	14.2%	40.0%	50.0%
Applications managed electronically	99.9%	99.0%	99.0%
Goal 2: Optimize Trademark Quality and Timeliness	\$189,166	\$189,651	\$200,935
First action compliance rate	95.7%	95.5%	95.0%
Final action compliance rate	96.4%	96.0%	96.0%
Average first action pendency (months)	4.8	3.7	3.0
Average total pendency (months)	18.0	17.3	16.6
Applications filed electronically	93.9%	90.0%	90.0%
Applications managed electronically	99.9%	99.0%	99.0%
Goal 3: Improve Intellectual Property Protection and Enforcement Domestically and Abroad	\$41,530	\$46,262	\$48,020
Technical assistance activities completed (activities/countries)	239/102	<i>Discontinued</i>	
Number of instances in which External Affairs experts review Intellectual Property (IP) policies/standards	<i>New 2007</i>	80	<i>TBD</i>
Improving world-wide IP expertise for USG interests	<i>New 2007</i>	10	<i>TBD</i>
Plans of action, mechanisms and support programs initiated or implemented in developing countries	<i>New 2007</i>	8	<i>TBD</i>
Total	\$1,674.4	\$1,771.0	\$1,915.6

* The allocation of the Total FY 2006 Actual Obligations among the three goals are estimates.