

Budget-at-a-Glance

Fiscal Year 2001 Highlights

- PTO is requesting \$1,039 million or an increase of \$158 million above the fiscal year 2000 enacted level.
- We project our collections from fiscal year 2001 user fees to be \$1,152 million, and expect to carry forward \$26 million from 1999 fee collections and \$229 million from fiscal year 2000 fee collections.
- We will continue with a multi-year funding strategy that is cognizant of the following:
 - Changing dynamics in intellectual property protection and PTO's need for rapid response to changes in statute, rules, technology, and court decisions that expand the scope of protection.
 - The impact that the recently-enacted American Inventors Protection Act (AIPA) of 1999 will have on PTO fee income and expected spending.
 - The result of the Government's Space Consolidation project for the PTO was announced in June, 1999. However, legal issues continue to delay our efforts to finalize relocation plans.
- No rescission is proposed for fiscal year 2001.

Fiscal Year 2001 Planned Accomplishments

Corporate Plan-2001 meets the requirements of an Annual Performance Plan under the Government Performance and Results Act. The Patent, Trademark, Information Dissemination, Policy and Corporate Support sections of this Plan fully describe our program plan and planned accomplishments at the requested resource levels. At the fiscal year 2001 funding level, we will primarily focus on enhancing the quality of our products and services while adjusting operations to reflect higher workloads. We also will move toward full electronic commerce and implement recently passed patent reform legislation. Below are highlights of our planned accomplishments in fiscal year 2001 at the requested resource level.

- Our quality management system will enable us to enhance quality and at the same time meet timeliness requirements. We will provide customer service training, conduct in-process reviews of office actions, continue to review a statistically valid sample of allowed patents and registered trademarks, and integrate our performance measurement systems to ensure a balanced family of measures for all key products and services.

- We will expand our patent examiner staff in an attempt to address growing workloads. Additionally, the benefits of process reengineering and automation will result in a diminishing growth rate in the number of patent examiners hired each year.
- Our patent examiners will dispose of (either allow or abandon) 256,400 utility, plant and reissue applications and achieve an average cycle time of 13.6 months for all inventions.
- We will implement the provisions of the AIPA.
- Our trademark attorneys will register 169,500 trademarks (classes) and trademark applicants will receive a first action in 6.0 months from filing and a registration/disposal in 19.5 months.
- We will begin expanding our Web site offerings to include U.S. patent text and image data from 1790 to 1975.
- We will continue our efforts that move us closer to full electronic commerce, while supporting Presidential directive PDD-63 related to information security.
- We will help American businesses operate in the global economy by enhancing intellectual property protection around the world through technical assistance activities.
- We will enhance our international commitments by providing technical assistance to developing and least-developed countries in the preparation of laws and regulations on the protection and enforcement of intellectual property rights. Of particular significance is providing intellectual property protection seminars and technical training to representatives from African countries.

Fiscal Year 2001 Workload and Funding

The PTO is proposing a multi-year program that supports the Administration's initiatives and, at the same time, recognizes our customers' wishes to pay the lowest fee amounts possible for timely and high quality products and services.

- We anticipate continued strong growth in both trademark and patent applications for fiscal year 2001. Our plan shows patent and trademark applications rising 12 percent above current fiscal year 2000 estimates.
- Given our total reliance on fee-paid workloads, our revenue projections can be affected by changes in overall economic conditions both within the United States and abroad. For example, demand from foreign customers could expand if the global financial and economic environment continues its recovery of the past year. As a result of changing global economic conditions, our actual workload and revenue can (and frequently do) deviate from projections made 18 months before formulating the Corporate Plan.

- We are projecting \$984 million in fiscal year 2000 fee collections. This projection is predicated on 10 percent growth in patent and trademark filings over 1999 levels. However, given changes in legislation and fee rates, our fiscal year 2000 fee collections may exceed our current estimate. Any fiscal year 2000 fee income in excess of \$984 million will be used during fiscal year 2000 to address increasing patent and trademark workloads (as authorized by Congress as part of PTO's 2000 appropriation).
- As a labor-intensive organization, we cannot always gear up as quickly as needed to address shifts in workload. This has been particularly difficult in recent years with an extremely robust economy and new dynamics in the area of intellectual property protection. For example, in fiscal year 1999, we received 29,000 additional patent applications above the plan submitted to the Congress in February, 1998, as well as 20,000 additional trademark applications. Even though we continue to increase the number of patent and trademark examiners, there is a long lead-time before the number of examiners and their experience reach the levels necessary to address the increased workloads.
- For fiscal year 2000, we have decided to forego the inflationary adjustment proposed in the fiscal year 2000 Corporate Plan. Additionally, as part of the AIPA of 1999, we adjusted patent and trademark fees early in 2000 to reflect a realignment of costs from patents to trademarks driven by our activity-based costing effort. This was the second consecutive year that patent fees have been reduced.
- For fiscal year 2001, no changes are being proposed to the fee schedule at this time. As a High Impact Agency and to comply with a provision of the AIPA, we will conduct a fee study and continually assess our fee structure to ensure it encourages participation in the patent and trademark systems and reflects costs.

Fiscal Year 2001 Resource Requirements

Under the above assumptions, our fiscal year 2001 planned obligations are \$1,039 million (including \$20 million to be transferred to OPM), which is an increase of \$134 million above the fiscal year 2001 base. To fund this request, we expect to carry forward \$26 million from 1999 unavailable fee collections, \$229 million from fiscal year 2000 unavailable fee collections, and receive \$784 million in new spending authority from \$1,152 million in fiscal year 2001 fee collections. Following is a summary of the requested resources needed to enable us to meet the commitments represented by our planned accomplishments, with page references for the full explanation.

Patent and Trademark Office (in Thousands)

	FY 1999 Actual		FY 2000 Currently Available		FY 2001 Base		FY 2001 Request		Increase from FY 2001 Base	
	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars
PTO	5,860	803,571	6,801	881,259	6,908	904,924	7,449	1,018,732	541	113,808
For Transfer to OPM	-	-	-	-	-		-	20,000	-	20,000
Total¹	5,860	803,571	6,801	881,259	6,908	904,924	7,449	1,038,732	541	133,808

¹ Includes \$260,000 of reimbursables in fiscal year 1999 and an estimated \$200,000 of reimbursables in fiscal year 2000.

PATENT BUSINESS

(in Thousands)

	FY 1999 Actual		FY 2000 Currently Available		FY 2001 Base		FY 2001 Request		Increase from FY 2001 Base	
	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars
Patents	4,753	626,627	5,362	694,322	5,467	712,452	5,949	808,880	482	96,428

<p><i>Manage Growth While Improving Processing Times</i></p> <ul style="list-style-type: none"> • Increase patent examiner staff by 200 positions over fiscal year 2000 • Increase technical support resources • Provide adequate resources to print 168,300 patents • Increase staff for the Board of Patent Appeals and Interferences to reduce existing ex parte appeal backlog • Continue reengineering by exploring virtual examination and e-business concepts 	250	\$22,695	Page 29
<p><i>Quality and Customer Satisfaction</i></p> <ul style="list-style-type: none"> • Increase customer satisfaction • Enhance patent examiner training • Enhance classification and examiner search activities • Improve the sampling and effectiveness of the Office of Patent Quality Review 	114	\$24,004	Page 31
<p><i>Implementation of the American Inventors Protection Act of 1999</i></p> <ul style="list-style-type: none"> • Term extension, pre-grant publication, expanded reexam, and performance-based organization 	118	\$20,006	Page 36
<i>Share of Public Access to Patent and Trademark Data</i>	-	\$4,323	Page 63
<i>Share of Information Technology Enterprise Infrastructure</i>	-	\$15,518	
<i>Share of Resource Management</i>	-	\$9,882	
TOTAL INCREASE	482	\$96,428	

TRADEMARK BUSINESS

(in Thousands)

	FY 1999 Actual		FY 2000 Currently Available		FY 2001 Base		FY 2001 Request		Increase from FY 2001 Base	
	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars
Trademarks	791	101,257	1,078	110,252	1,080	113,834	1,126	124,278	46	10,444

<p><i>Manage Growth While Improving Processing Times</i></p> <ul style="list-style-type: none"> • Hire 35 additional trademark examining attorneys and commensurate technical support resources • Fund pre-examination and quality assurance contracts • Increase staff for the Trademark Trial and Appeal Board (TTAB) to keep up with output from examination • Promote electronic filing and expedited examination of trademark applications 	45	\$4,800	Page 48
<p><i>Quality and Customer Satisfaction</i></p> <ul style="list-style-type: none"> • Enable Trademark Quality Review to continue to review a four percent sample of examined applications 	1	\$111	Page 49
<p><i>Implementation of the American Inventors Protection Act of 1999</i></p> <ul style="list-style-type: none"> • Title VI: Trademark Advisory Committee, other performance-based organization costs 	-	\$128	Page 36
<p><i>Share of Public Access to Patent and Trademark Data</i></p>	-	\$593	Page 63
<p><i>Share of Information Technology Enterprise Infrastructure</i></p>	-	\$3,019	
<p><i>Share of Resource Management</i></p>	-	\$1,793	
TOTAL INCREASE	46	\$10,444	

INFORMATION DISSEMINATION BUSINESS

(in Thousands)

	FY 1999 Actual		FY 2000 Currently Available		FY 2001 Base		FY 2001 Request		Increase from FY 2001 Base	
	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars
IDO	231	59,556	260	57,853	260	59,198	260	62,881	0	3,683

<i>Implementation of the American Inventors Protection Act of 1999</i>	-	\$974	Page 36
• Title IV: Pre-grant publication			
<i>Share of Public Access to Patent and Trademark Data</i>	-	\$840	Page 63
<i>Share of Information Technology Enterprise Infrastructure</i>	-	\$1,063	
<i>Share of Resource Management</i>	-	\$806	
TOTAL INCREASE	0	\$3,683	

POLICY FUNCTION

(in Thousands)

	FY 1999 Actual		FY 2000 Currently Available		FY 2001 Base		FY 2001 Request		Increase from FY 2001 Base	
	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars
Policy	85	16,131	101	18,832	101	19,440	114	22,693	13	3,253

<i>Establish an Integrated Quality Management System</i>	6	\$1,614	Page 68
<ul style="list-style-type: none"> • Establish and implement a quality management system • Foster regular communication between the PTO and independent inventors 			
<i>Implementation of the American Inventors Protection Act of 1999</i>	7	\$631	Page 36
<ul style="list-style-type: none"> • Patent term extension, pre-grant publication, and expanded reexamination 			
<i>Share of Public Access to Patent and Trademark Data</i>	-	\$244	Page 63
<i>Share of Information Technology Enterprise Infrastructure</i>	-	\$607	
<i>Share of Resource Management</i>	-	\$157	
TOTAL INCREASE	13	\$3,253	

CORPORATE SUPPORT ACTIVITIES²
(in Thousands)

	Increase from FY 2001 Base		
	FTE	Dollars	
<i>Public Access to Patent and Trademark Data</i> • Expand patent and trademark information on the Internet	-	\$6,000	Page 63
<i>Resource Management</i> • Support the PTO Space Consolidation Project • Enhance personnel-related decision-making • Enhance activity-based costing system • Expand PTO Data Warehouse • Implement the American Inventors Protection Act of 1999	-	\$12,638	Page 73
<i>CIO Infrastructure</i> • Improve information security • Replace PTONet	-	\$20,207	Page 76
<i>TOTAL INCREASE</i>		<i>\$38,845</i>	

² Costs of all corporate support activities are distributed via activity-based costing.