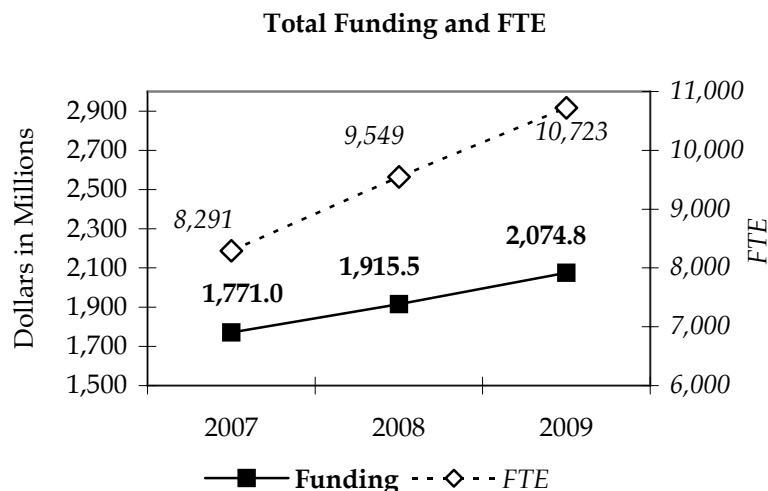


## U.S. Patent and Trademark Office

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. The USPTO accomplishes this mission 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, such as 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 protection of IP rights.

Increases requested for FY 2009 focus on improving the quality and timeliness of Patent and Trademark processes.



## Summary of Appropriations

<u>Funding Levels</u>	2007	2008	2009	Increase (Decrease)
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	
New Offsetting Collections/Program Level*	\$1,771,000	\$1,915,500	\$2,074,773	\$159,273
Fee Collections	(1,783,189)	(1,915,500)	(2,074,773)	(159,273)
Unappropriated Fee Collections, Available for Obligation, subject to further appropriation	12,189	0	0	0
<b>Total Appropriation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unappropriated Fee Collections due to limitation in current year	(12,189)	0	0	0
<b>Total Budget Authority</b>	<b>(12,189)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FTE</b>	<b>8,291</b>	<b>9,549</b>	<b>10,723</b>	<b>1,174</b>

\* Excludes collections for reimbursables.

## 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>2008 Appropriation</b>			0	\$0
<b>Fee collections in 2008</b>			9,549	1,915,500
<b>Funds currently available, 2008</b>			<u>9,549</u>	<u>1,915,500</u>
<b>Adjustments to Base</b>				
<b><u>Other Changes</u></b>				
2008 Pay raise		\$6,734		
2009 Pay raise		21,580		
Full year cost in 2009 for positions financed for part-year in FY 2008	737	63,035		
Within-grade step increases		9,556		
Changes in compensable day		(3,907)		
Civil Service Retirement System (CSRS)		(1,211)		
Federal Employees' Retirement System (FERS)		1,937		
Thrift Savings Plan		346		
Federal Insurance Contributions Act (FICA) - OASDI		446		
Health insurance		1,182		
Travel		1		
Rent payments to GSA		2,264		
Printing and reproduction		1,127		
General Pricing Level Adjustment:		12,143		
<b>TOTAL, ADJUSTMENTS TO BASE</b>			<u>737</u>	<u>115,233</u>
Management Decisions*			<u>0</u>	<u>(24,422)</u>
<b>2009 Base</b>			<u>10,286</u>	<u>2,006,311</u>
Program Changes			437	68,462
<b>TOTAL REQUIREMENTS</b>			<u>10,723</u>	<u>2,074,773</u>
Total Offsetting Fee Collections			0	(2,074,773)
<b>2009 APPROPRIATION</b>			<u>10,723</u>	<u>0</u>

\* Offsets and cost reductions as a result of a comprehensive review.

## Comparison by Activity

	2008 Currently Avail.		2009 Base		2009 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	8,480	\$1,680,998	9,195	\$1,763,306	9,607	\$1,827,796	412	\$64,490
Trademarks	1,069	234,502	1,091	243,005	1,116	246,977	25	3,972
<b>DIRECT OBLIGATIONS</b>	<b>9,549</b>	<b>1,915,500</b>	<b>10,286</b>	<b>2,006,311</b>	<b>10,723</b>	<b>2,074,773</b>	<b>437</b>	<b>68,462</b>
<b>FINANCING</b>								
Fees		(1,915,500)				(2,074,773)		
<b>TOTAL APPROPRIATION/ BUDGET AUTHORITY</b>	<b>9,549</b>	<b>0</b>			<b>10,723</b>	<b>0</b>		

## Highlights of Program Changes

	Base		Increase / Decrease	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Patent Process	9,195	\$1,763,306	+412	+\$64,490

Resources requested in FY 2009 will be used to fund additional patent examiners. Resources will also be used to continue the implementation of e-Government to more efficiently process patent applications; competitively source the classification and reclassification functions; continue retention incentives to retain a highly qualified and productive workforce and to improve patent practices worldwide. These resources will contribute to optimizing patent quality and timeliness as shown in the performance measures below.

Trademark Process	1,091	\$243,005	+25	+\$3,972
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The FY 2009 program level provides resources to fund increased staffing levels and expansion of e-Government to achieve a fully electronic workflow that will further improve timeliness and productivity. Resources will also be used to continue to work diligently to improve trademark practices worldwide, thereby optimizing trademark quality and timeliness as shown in the performance measures below.

## USPTO Performance Measures

The USPTO supports the Department's strategic goal to "Promote U.S. innovation and industrial competitiveness." 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 that encompass:

**Resolute Emphasis on Quality and Productivity** — Quality and productivity are the most important components of USPTO's 2007-2012 Strategic Plan.

**Timeliness** — In order to meet applicant needs, USPTO is continuing to address the challenges of rising workloads and the shift of patent applications from traditional arts to more complex technologies by hiring additional patent and trademark examiners and exploring process changes. 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. Applications filed electronically have increased

from 14.2 percent in FY 2006 to 67.3 percent by December 2008. Trademark applications file electronically are currently exceeding 95 percent.

**Strengthen Intellectual Property (IP) Protection Worldwide** — As contained in the USPTO 2007-2012 Strategic Plan, the USPTO continues to work as a member of the Strategy Targeting Organized Piracy (STOP!) initiative 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 Outcomes and Measures

(Dollars reflect obligations in Millions)

	2007 Actuals	2008 Estimate/Target	2009 Estimate/Target
<b>Outcome 1: Optimize Patent Quality and Timeliness</b>	<b>\$1,523.2</b>	<b>\$1,677.1</b>	<b>\$1,794.9</b>
In-process examination compliance rate	92.2%	92.0%	93.0%
Allowance compliance rate	96.5%	96.0%	96.0%
Average first action pendency (months)	25.3	26.9	27.5
Average total pendency (months)	31.9	34.7	37.9
Applications filed electronically	49.5%	65.0%	70.0%
Applications managed electronically	99.9%	99.9%	99.9%
<b>Outcome 2: Optimize Trademark Quality and Timeliness</b>	<b>\$196.2</b>	<b>\$225.7</b>	<b>\$237.9</b>
First action compliance rate	95.9%	95.5%	95.5%
Final action compliance rate	97.4%	96.0%	96.0%
Average first action pendency (months)	2.9	2.5 to 3.5	2.5 to 3.5
Average total pendency (months)	15.1	16.3	16.0
Applications filed electronically	96.1%	95.0%	95.0%
Applications managed electronically	99.9%	99.0%	99.0%
<b>Outcome 3: Improve Intellectual Property Protection and Enforcement Domestically and Abroad</b>	<b>\$47.0</b>	<b>\$53.8</b>	<b>\$54.9</b>
Number of instances in which USPTO experts review Intellectual Property (IP) policies/standards	461	275	275
Improving worldwide IP expertise for U.S. Government interests	17	12	12
Plans of action, mechanisms, and support programs initiated or implemented in developing countries	15	10	10
<b>Total</b>	<b>\$1,766.4</b>	<b>\$1,956.6</b>	<b>\$2,087.8</b>