

Trademarks financial performance

USPTO financial update

Jay Hoffman

Chief Financial Officer

UNITED STATES
PATENT AND TRADEMARK OFFICE



Agenda

- FY 2020 recap
- FY 2021 status
- FY 2022 budget
- Fee rulemaking and fee review

FY 2020 recap: Trademark financial results

<i>\$ in millions</i>	Trademark Adjusted Fee Collections	Trademark Expenses	Contribution to Operating Reserve
FY 2020 Plan (FY 2021 PB)	\$369	\$434	-\$65
FY 2020 Actuals	\$358	\$364	-\$6
<i>Variance (Actuals vs. FY 2021 PB Plan)</i>	-\$11	-\$70	-----

Actual fee collections

Are below the planned levels in the FY 2021 PB due to revenue volatility associated with the pandemic and also the delayed fee rule implementation (August 2020 vs. January 1, 2021)

Actual expenses

Are below the planned levels in the FY 2021 PB due to changes in production assumptions, reduction in costs as a result of reduced spending at the outset of the pandemic, and under execution of other planned spending



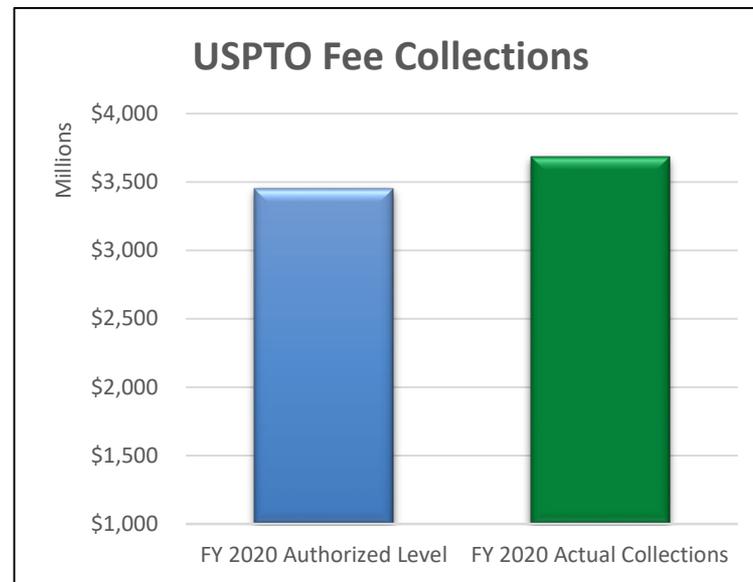
FY 2020 recap: Trademark Fee Collections

Total collections are \$3.68B, which is \$231.9M in excess of the FY 2020 spending authority of \$3.45B (appropriated amount).

The excess fees have been deposited in the Patent and Trademark Fee Reserve Fund (PTFRF) and are comprised of:

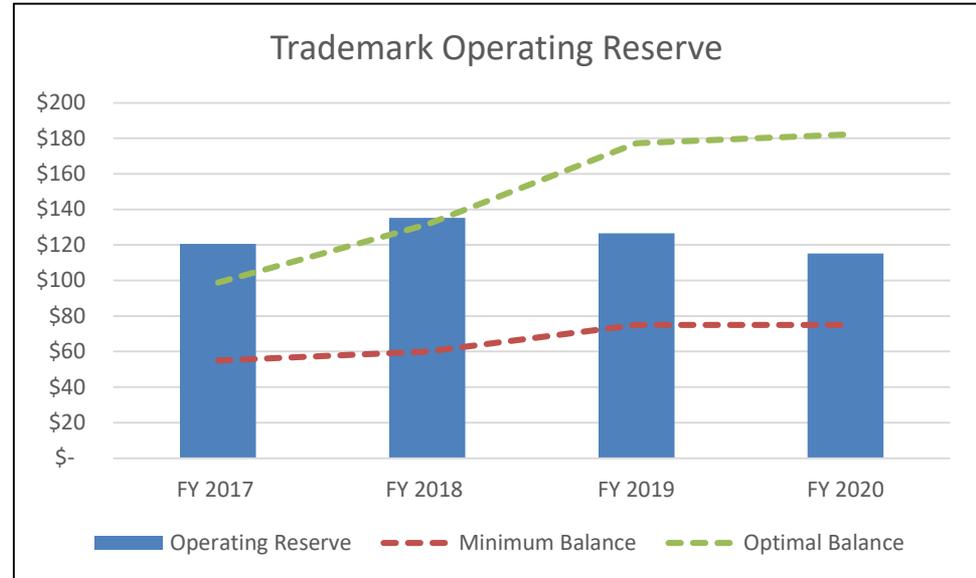
Trademarks: \$16.4M

Patents: \$215.5M

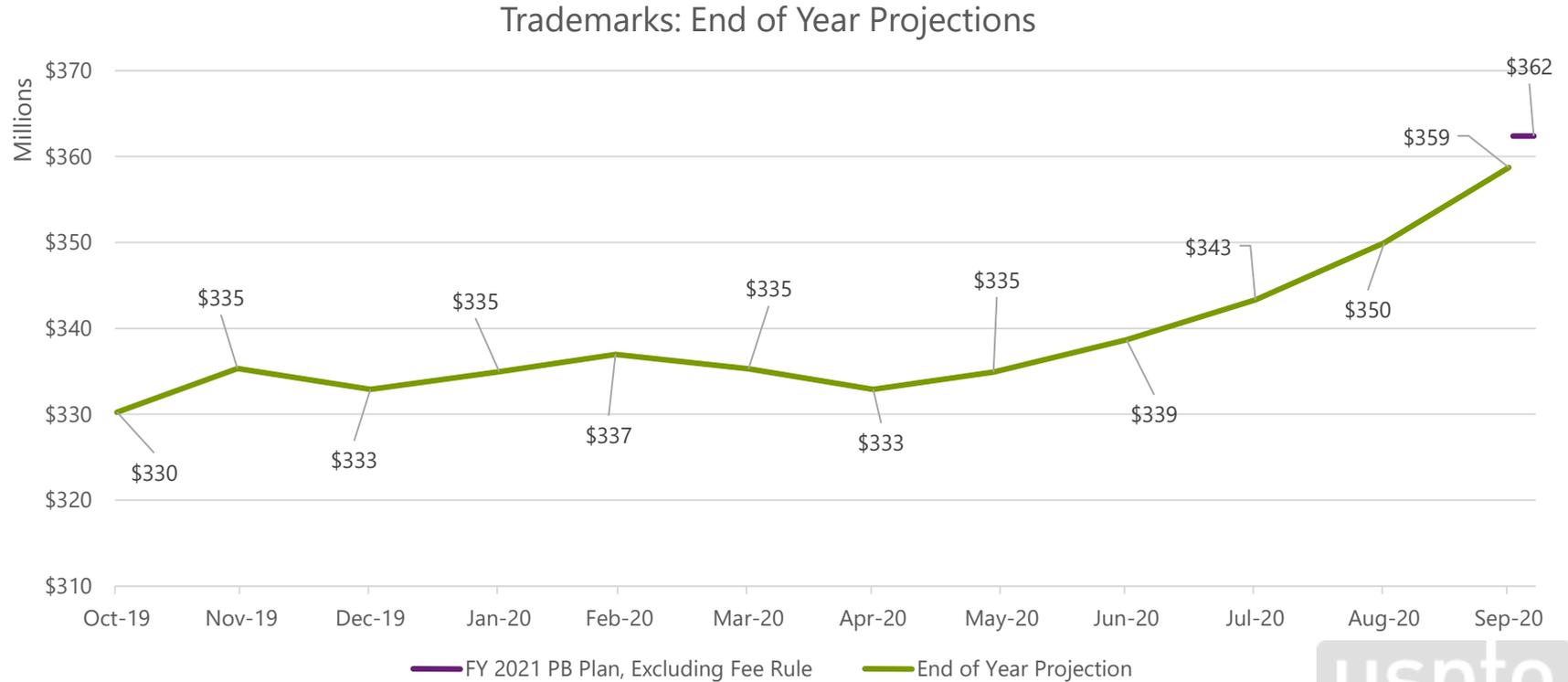


FY 2020 recap: Operating Reserve Balances

- Trademarks operating reserve at the end of FY 2020 was \$110M
- The reserve declined \$11M from FY 2019 end of year
- FY 2020 reserve targets were:
 - Minimum = \$75M
 - Optimal = 6 months of requirements

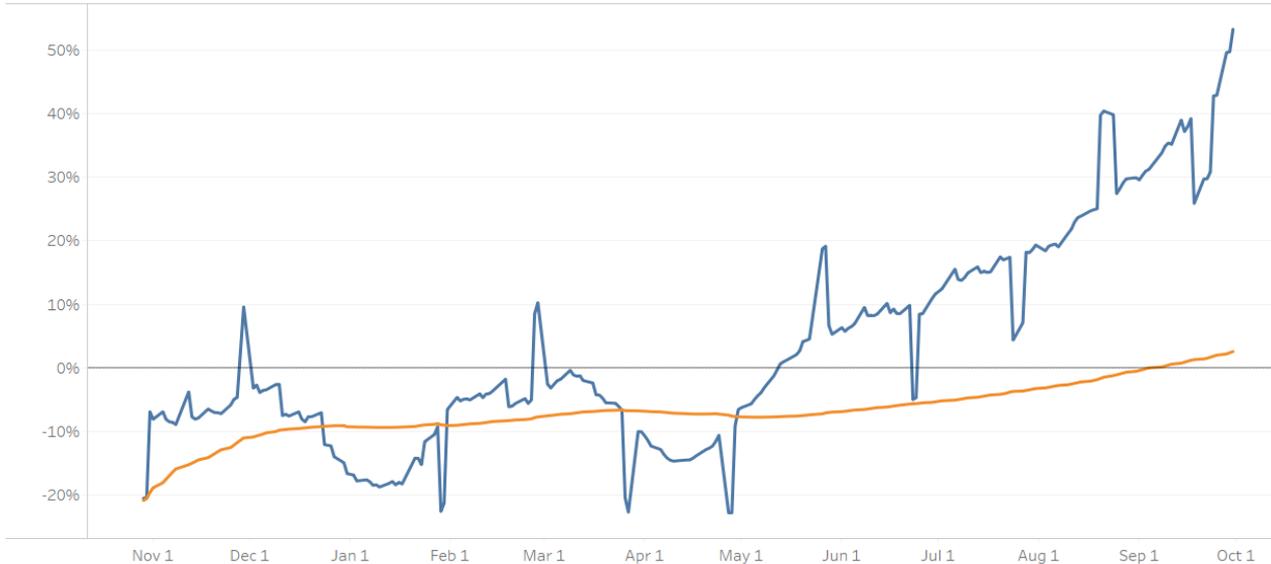


FY 2020 recap: Trademark seasonally adjusted revenue rate



FY 2020 recap: Trademark application filing revenue above/below plan

Trademark Applications: Above/Below (%) of Daily Collections vs End of Year Projections 20 Day Moving Averages



*Above Below Difference between FY2021 President's Budget Planning Assumption, excluding Fee Rule (\$362M) and Daily Collections.

**Above Below Difference between end of year Patent projections and FY2021 President's Budget Planning Assumption, excluding Fee Rule (\$362M).

Measure Names
■ 20 Day MA Above/Below Plan in % (*)
■ EOY Projection 20 Day MA (**)



FY 2020 recap: Trademark renewal revenue above/below plan

Trademark Renewals: Above/Below (%) of Daily Collections vs End of Year Projections 20 Day Moving Averages



*Above Below Difference between FY2021 President's Budget Planning Assumption, excluding Fee Rule (\$362M) and Daily Collections.

**Above Below Difference between end of year Patent projections and FY2021 President's Budget Planning Assumption, excluding Fee Rule (\$362M).

Measure Names

- 20 Day MA Above/Below Plan in % (*)
- EOY Projection 20 Day MA (**)



FY 2021 status

<i>\$ in millions</i>	USPTO	Trademarks
FY 2021 PB Requested Authority	\$3,695.3	\$444.6
FY 2020 Enacted Level	\$3,450.7	\$341.3
<i>CR level (19.7% of FY 2020 Enacted)</i>	<i>\$680.8</i>	<i>\$67.3</i>
<i>+ Carryover and other income</i>	<i>\$523.2</i>	<i>\$116.9</i>
Total FY 2021 Spending Authority	\$1,204	\$184.2

- The current Continuing Resolution (CR) is through December 11, 2020.
 - The USPTO is held to an adjusted spending level calculated from the FY 2020 \$3.45B (plus carryover and other income).
- USPTO closely monitors its spending. Where possible, the Agency:
 - Defers requirements to later in the fiscal year
 - Incrementally funds contracts
- FY 2020 excess fees in the PTFRF \$16.4M will be available after the reprogramming request is approved



FY 2021 status:

Trademark financial outlook

Trademark revenues forecast is \$362.9M, based on the FY 2021 projection developed this past summer

Estimates assume the final fee rule will be effective by January 2021

There is uncertainty in the forecast

Trademark application demand has been strong and increasing since May 2020

USPTO will reevaluate estimates for the FY 2022 President's Budget; upward adjustment likely

Trademark expenses are \$393.9M in FY 2021



FY 2022 budget

The FY 2022 President's Budget request should be submitted to Congress on February 8, 2021

USPTO expects that appropriation hearings will be held for DoC's FY 2022 Budget by the House and Senate CJS subcommittees

Fee rulemaking and fee review

- USPTO is currently finalizing its trademark rulemaking package.
 - The spend plan assumes the final rule is effective by January 2021
- Later in FY 2021, the Agency plans to begin a biennial review of fees to ensure that the agency recovers the cost of the services it provides and maintains a modest operating reserve.



Thank you!

Jay Hoffman

jay.hoffman@uspto.gov

(571) 272-9200

www.uspto.gov