

08CONG.P15 Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012
Receipts:								
UPR Filings growth @ 8% FY 07/12	384,228	419,760	453,340	489,600	528,800	571,100	616,800	666,100
Less 1% for discontinued continuation								
Less 10% for accelerated examination								
add back 20% of 5% of FY 09								
add back 20% of 5% of FY 10								
add back 20% of 5% of FY 11								
UPR Filings		419,760	453,340	489,600	528,800	571,100	616,800	666,100
Less Abandonment Rate 1% during initial		4,198	4,533	4,896	5,288	5,711	6,168	6,661
UPR Filings TO BE Examined		415,562	448,807	484,704	523,512	565,389	610,632	659,439
Examiner Hires:	959	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Attrition rate:	10.6%	10%	10%	10%	10%	10%	10%	10%
Overtime hours per examiner		80	80	80	80	80	80	80
Production Rates:								
Total complexity factor			-1.0%	-1.5%	-2.0%	-2.5%	-3.0%	-3.5%
Efficiency Gains		0.0	0.0	2.0%	2.0%	2.0%	2.0%	2.0%
	FY 04	FY 05	FY 06	Production Units per examiner per grade per fiscal year				
	Actual	Actual	Actual					
GS-5	25.4	24.1	25.1	25.1	24.8	25.2	25.0	24.8
GS-7	31.5	31.4	34.1	34.1	33.8	34.3	34.1	33.8
GS-9	50.4	45.3	49.9	49.9	49.4	50.1	49.9	49.6
GS-11	62.7	54.2	53.1	53.1	52.6	53.4	53.1	52.8
GS-12	68.3	67.1	65.6	65.6	64.9	65.9	65.6	65.3
GS-13	81	79.4	77.0	77.0	76.2	77.4	77.0	76.6
GS-14	91.5	89.8	87.9	87.9	87.0	88.3	87.9	87.4
GS-15	103.1	99.3	92.3	92.3	91.4	92.7	92.3	91.8
Patent Cooperation Treaty (PCT):								
PCT Chapter I PUs redirected (paralegal)								
Chap I reduction 25%-07 50%-08 75%-09/12								
Chap II reduction 25%-08 50%-09/12								
Total PCT PU savings		913	977	2,690	6,725	11,231	11,960	12,732
Examiner PCT PUs		14,234	12,617	11,719	8,549	4,960	5,203	5,460
Examiner FTE		158	144	133	97	56	59	62
Examiner FTE lost/taken out of the examining corps:								
Part-time		44	44	44	44	44	44	44
Quality initiatives		12.7	0	0	11	22	27	28
SP Quality Initiatives			19	39	34	34	34	34
New Hire Trainers		29	15	15	15	15	15	15
CLE Training		2	4	6	8	10	12	14
Exam Tech Trng 8 hrs		20	3	6	9	11	13	15
Allowance Rate		53.6%	60.0%	58.0%	58.0%	58.0%	58.0%	58.0%

PT actual number based on 60% TOD

Quality Initiatives 55 hours per GS-12

SP Quality Initiatives Target reviews, quality award, reclass, search strategy, and soft skills. FY 07 mid-year implementation

New Hire trainers are additional over FY 06 level.

CLE Training 2 FTE over base each year

Exam tech trng is 8 hours per examiner over FY 06 base.

SUMMARY FY 2006 ACTUAL DATA
 3/12/07 17:15 08CONG.P13 Patentability Reports 15% Efficiency Gain

YEAR	2005	2006	2007	2008	2009	2010	2011	2012
EOY STAFF	4,177	4,779	5,395	6,156	6,841	7,457	8,012	8,516
PROF W-Y	3,804	4,444	4,788	5,466	6,226	6,864	7,442	7,968
# HIRED	959	1,193	1,200	1,400	1,400	1,400	1,400	1,400
# ATTRITED	425	510	511	580	663	737	802	857
Net Positions	534	683	689	820	737	663	598	543
OVERTIME(K)	12,225	15,031	17,520	25,500	29,700	33,400	37,000	40,400
OT HOURS	278,669	341,760	383,118	546,155	623,033	686,254	744,466	812,877
# BOY NEW	508,878	574,922	674,333	789,057	896,010	909,133	818,292	725,561
TOTAL D'TLS	13	13	20	20	20	20	20	20
AVG. GRADE	12.17	11.59	11.52	11.48	11.49	11.57	11.68	11.8
RECEIPTS	384,228	419,760	457,538	448,845	489,241	533,273	581,268	633,582
RECEIPTS TO BE EXAMINED	384,228	419,760	452,963	493,730	489,857	482,240	562,555	627,246
REG PROD	275,008	298,937	313,578	353,537	438,048	529,597	607,410	657,231
TOT PROD	288,315	315,019	331,607	379,238	467,367	561,891	642,443	695,484
DISPOSALS	279,345	309,689	324,975	371,700	458,000	550,700	629,600	681,600
FIRST ACTS	297,285	320,349	338,239	386,777	476,733	573,081	655,286	709,367
PEND FA	21.1	22.6	23.7	23.7	23.8	21.9	17.0	15.2
PEND IS/AB	29.1	31.1	33.0	34.7	34.7	34.8	32.9	28.0
# SPE'S	294	365	415	474	526	573	616	655
#PATS PRTD	152104	164,115	177,397	203,493	246,669	298,147	344,662	377,816

FY 09 Claims Continuations and IDS 2%
 Renegotiate bonus FY 10/12 2%
 FY 08/10 Flat goal .5% FY 11/12 5%
 1,400 Examiner Hiring Levels
 FY 08/12 Overtime 100 hours per examiner FTE for lap top pilot and Hoteling
 FY 09 - 7.5% / FY 10/12 - 15% (Total) Efficiency Gain
 FY 09 5% - FY 10/12 10% Application Filing Drop Out Rate
 FY 09/10/11 - One Time 10% Inventory Drop Out reduced over 3 years
 FY 07/12 Attrition rate 11%
 FY 07/12 Filing rate 9%
 Chap I reduction 25%-07 50%-08 75%-09/12
 Chap II reduction 25%-08 50%-09/12

Adjusted for Complexity Factor
 PCT Outsourced Savings FY 07/12
 1% Application Abandonments from OIPE

08CONG.P13 Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	
Receipts:									
UPR Filings growth @ 9% FY 07/12	384,228	419,760	457,538	498,717	543,601	592,525	645,853	703,980	
Less FY 09 5%-FY 10/12 10% for Drop					27,180	59,253	64,585	70,398	
Less 10% of FY 08 Backlog (800K) 80K total Based on 10% of FAs until reduction is met UPR Filings		419,760	457,538	498,717	516,421	533,273	581,268	633,582	
Less Abandonment Rate 1% during initial UPR Filings TO BE Examined		4,198	4,575	4,987	5,164	5,333	5,813	6,336	
		415,562	452,963	493,730	489,857	482,240	562,555	627,246	
Examiner Hires:	959	1,200	1,200	1,200	1,200	1,200	1,200	1,200	
Attrition rate:	10.6%	10%	11%	11%	11%	11%	11%	11%	
Overtime hours per examiner		80	80	80	80	80	80	80	
Production Rates:									
Total complexity factor			-1.0%	-1.5%	-2.0%	-2.5%	-3.0%	-3.5%	
Efficiency Gains		0.0	0.0	0.5%	10.0%	20.0%	25.0%	25.0%	
	FY 04	FY 05	FY 06	Production Units per examiner per grade per fiscal year					
	Actual	Actual	Actual						
GS-5	25.4	24.1	25.1	25.1	24.8	24.8	27.1	29.5	30.8
GS-7	31.5	31.4	34.1	34.1	33.8	33.8	36.8	40.1	41.7
GS-9	50.4	45.3	49.9	49.9	49.4	49.4	53.8	58.6	61.0
GS-11	62.7	54.2	53.1	53.1	52.6	52.6	57.3	62.4	64.9
GS-12	68.3	67.1	65.6	65.6	64.9	64.9	70.8	77.1	80.5
GS-13	81	79.4	77.0	77.0	76.2	76.2	83.1	90.5	94.5
GS-14	91.5	89.8	87.9	87.9	87.0	87.0	94.8	103.3	107.9
GS-15	103.1	99.3	92.3	92.3	91.4	91.4	99.6	108.5	113.3
Patent Cooperation Treaty (PCT):									
PCT Chapter I PUs redirected (paralegal)									
Chap I reduction 25%-07 50%-08 75%-09/12									
Chap II reduction 25%-08 50%-09/12									
Total PCT PU savings		913	977	2,690	6,725	11,231	11,960	12,732	13,551
Examiner PCT PUs		14,234	12,617	11,719	8,549	4,960	5,203	5,460	5,733
Examiner FTE		158	144	133	97	56	59	62	65
Examiner FTE lost/taken out of the examining corps:									
Part-time			44	44	44	44	44	44	44
Quality initiatives		12.7		0	0	11	22	27	28
SP Quality Initiatives			19	39	34	34	34	34	34
New Hire trainers		29	15	15	15	15	15	15	15
CLE Training		2	4	6	8	10	12	14	14
Exam Tech Trng 8 hrs		20	3	6	9	11	13	15	15
Allowance Rate		53.6%	60.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%

PT actual number based on 60% TOD
 Quality Initiatives 55 hours per GS-12
 SP Quality Initiatives Target reviews, quality award, reclass, search strategy, and soft skills. FY 07 mid-year implementation
 New Hire trainers are additional over FY 06 level.
 CLE Training 2 FTE over base each year
 Exmr tech trng is 8 hours per examiner over FY 06 base.

SUMMARY FY 2006 ACTUAL DATA
3/20/07 12:15 08CONG.P12

YEAR	2005	2006	2007	2008	2009	2010	2011	2012
EOY STAFF	4,177	4,779	5,395	6,156	6,841	7,457	8,012	8,516
PROF W-Y	3,804	4,444	4,788	5,466	6,226	6,864	7,442	7,968
# HIRED	959	1,193	1,200	1,400	1,400	1,400	1,400	1,400
# ATTRITED	425	510	511	580	663	737	802	857
Net Positions	534	683	689	820	737	663	598	543
OVERTIME(K)	12,225	15,031	17,520	25,500	29,700	33,400	37,000	40,400
OT HOURS	278,669	341,760	383,118	546,155	623,033	686,254	744,466	812,877
# BOY NEW	508,878	574,922	674,333	789,434	892,257	975,041	1,044,558	1,088,033
TOTAL D'TLS	13	13	20	20	20	20	20	20
AVG. GRADE	12.17	11.59	11.52	11.48	11.49	11.57	11.68	11.8
RFCEIPTS TO BE EXAMINED	384,228	419,760	453,340	489,600	528,800	571,100	616,800	666,100
REG PROD	275,008	298,937	313,578	353,537	407,989	459,447	527,080	570,117
TOT PROD	288,315	315,019	331,607	379,238	437,308	491,741	562,113	608,370
DISPOSALS	279,345	309,689	324,975	371,700	428,600	481,900	550,900	596,200
FIRST ACTS	297,285	320,349	338,239	386,777	446,016	501,583	573,325	620,540
PEND FA	21.1	22.6	23.7	24.4	24.6	23.4	22.7	21.9
PEND IS/AB	29.1	31.1	33.0	34.7	35.4	35.6	34.4	33.7
# SPE'S	294	365	415	474	526	573	616	655
#PATS PRTD	152104	164,115	177,397	203,493	234,182	264,802	301,585	330,504

1,400 Examiner Hiring Levels
 FY 08 Overtime 100 hours per examiner FTE
 Gains from Lap Top Pilot and Hoteling - Starting in FY 07
 Flat Goal Pilot/Claims Continuations & IDS/Examiner Bonus Structure - Starting in FY 08
 Hire Attorney's Nationwide - FY 08
 FY 07/12 Attrition rate 10%
 FY 07/12 Filing rate 8%
 Chap I reduction 25%-07 50%-08 75%-09/12
 Chap II reduction 25%-08 50%-09/12

Adjusted for Complexity Factor
 PCT Outsourced Savings FY 07/12
 1% Application Abandonments from OIPE

08CONG.P12 Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012		
Receipts:										
UPR Filings growth @ 8% FY 07/12	384,228	419,760	453,340	489,600	528,800	571,100	616,800	666,100		
Less 1% for discontinued continuation										
Less 10% for accelerated examination										
add back 20% of 5% of FY 09										
add back 20% of 5% of FY 10										
add back 20% of 5% of FY 11										
UPR Filings		419,760	453,340	489,600	528,800	571,100	616,800	666,100		
Less Abandonment Rate 1% during initial		4,198	4,533	4,896	5,288	5,711	6,168	6,661		
UPR Filings TO BE Examined		415,562	448,807	484,704	523,512	565,389	610,632	659,439		
Examiner Hires:	959	1,200	1,200	1,200	1,200	1,200	1,200	1,200		
Attrition rate:	10.6%	10%	10%	10%	10%	10%	10%	10%		
Overtime hours per examiner		80	80	80	80	80	80	80		
Production Rates:										
Total complexity factor			-1.0%	-1.5%	-2.0%	-2.5%	-3.0%	-3.5%		
Efficiency Gains		0.0	0.0	0.5%	2.5%	4.5%	9.5%	9.5%		
	FY 04	FY 05	FY 06	Production Units per examiner per grade per fiscal year						
	Actual	Actual	Actual							
GS-5	25.4	24.1	25.1	25.1	24.8	24.8	25.2	25.6	26.7	26.6
GS-7	31.5	31.4	34.1	34.1	33.8	33.8	34.3	34.8	36.3	36.1
GS-9	50.4	45.3	49.9	49.9	49.4	49.4	50.1	50.9	53.2	52.9
GS-11	62.7	54.2	53.1	53.1	52.6	52.6	53.4	54.1	56.6	56.3
GS-12	68.3	67.1	65.6	65.6	64.9	64.9	65.9	66.9	69.9	69.5
GS-13	81	79.4	77.0	77.0	76.2	76.2	77.4	78.5	82.0	81.6
GS-14	91.5	89.8	87.9	87.9	87.0	87.0	88.3	89.6	93.6	93.2
GS-15	103.1	99.3	92.3	92.3	91.4	91.4	92.7	94.1	98.3	97.8
Patent Cooperation Treaty (PCT):										
PCT Chapter I PUs redirected (paralegal)										
Chap I reduction 25%-07 50%-08 75%-09/12										
Chap II reduction 25%-08 50%-09/12										
Total PCT PU savings		913	977	2,690	6,725	11,231	11,960	12,732	13,551	
Examiner PCT PUs		14,234	12,617	11,719	8,549	4,960	5,203	5,460	5,733	
Examiner FTE		158	144	133	97	56	59	62	65	
Examiner FTE lost/taken out of the examining corps:										
Part-time			44	44	44	44	44	44	44	
Quality initiatives			12.7	0	0	11	22	27	28	
SP Quality Initiatives				19	39	34	34	34	34	
New Hire trainers			29	15	15	15	15	15	15	
CLE Training			2	4	6	8	10	12	14	
Exmr Tech Trng Hrs			20	3	6	9	11	13	15	
Allowance Rate		53.6%	60.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	

PT actual number based on 60% TOD
 Quality Initiatives 55 hours per GS-12
 SP Quality Initiatives Target reviews, quality award, reclass, search strategy, and soft skills. FY 07 mid-year implementation
 New Hire trainers are additional over FY 06 level.
 CLE Training 2 FTE over base each year
 Exmr tech trng is 8 hours per examiner over FY 06 base.

SUMMARY FY 2006 ACTUAL DATA
 3/5/07 17:15 08CONG.P3 Patentability Reports

YEAR	2005	2006	2007	2008	2009	2010	2011	2012
EOY STAFF	4,177	4,779	5,395	5,922	6,416	6,857	7,251	7,605
PROF W-Y	3,804	4,444	4,788	5,378	5,935	6,389	6,798	7,168
# HIRED	959	1,193	1,200	1,200	1,200	1,200	1,200	1,200
# ATTRITED	425	510	511	607	668	725	775	819
Net Positions	534	683	689	593	532	475	425	381
OVERTIME(K)	12,225	15,031	17,520	20,215	22,900	25,200	27,500	29,630
OT HOURS	278,669	341,760	383,118	432,962	480,386	517,772	553,319	596,177
# BOY NEW	508,878	574,922	674,333	791,080	785,670	766,559	776,472	823,509
TOTAL D'TLS	13	13	20	20	20	20	20	20
AVG. GRADE	12.17	11.59	11.52	11.54	11.62	11.72	11.82	11.93
RECEIPTS	384,228	419,760	457,538	448,845	489,241	533,273	581,268	633,582
RECEIPTS TO BE EXAMINED	384,228	419,760	452,963	422,957	438,649	515,040	575,455	627,246
REG PROD	275,008	298,937	313,578	365,700	424,420	459,471	493,024	524,662
TOT PROD	288,315	315,019	331,607	386,074	447,026	483,836	519,062	552,717
DISPOSALS	279,345	309,689	324,975	343,781	436,292	462,545	509,707	532,793
FIRST ACTS	297,285	320,349	338,239	428,368	457,760	505,128	528,418	572,642
PEND FA	21.1	22.6	23.7	22.5	20.3	19.0	18.5	18.3
PEND IS/AB	29.1	31.1	33.0	34.7	33.5	31.3	30.0	29.5
# SPE'S	294	365	415	455	493	527	558	585
#PATS PRTD	152104	164,115	177,397	191,568	233,532	257,660	281,374	297,795

1,200 Examiner Hiring Levels
 FY 07/12 Overtime 80 hours per examiner FTE
 FY 08 - 5% / FY 09/12 - 10% Efficiency Gain
 FY 08/12 10% Application Filing Drop Out Rate
 FY 08/09/10 - One Time 10% Inventory Drop Out reduced over 3 years
 FY 07/12 Attrition rate 11%
 FY 07/12 Filing rate 9%
 Chap I reduction 25%-07 50%-08 75%-09/12
 Chap II reduction 25%-08 50%-09/12

Adjusted for Complexity Factor
 PCT Outsourced Savings FY 07/12
 1% Application Abandonments from OIPE

08CONG.P3 Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012		
Receipts:										
UPR Filings growth @ 9% FY 07/12	384,228	419,760	457,538	498,717	543,601	592,525	645,853	703,980		
Less 10% for Drop out				49,872	54,360	59,253	64,585	70,398		
Less 10% of FY 08 Backlog (800K) 80K total Based on 10% of FAs until reduction is met				21,400	45,700	12,900				
UPR Filings	419,760	457,538	448,845	489,241	533,273	581,268	633,582			
Less Abandonment Rate 1% during initial	4,198	4,575	4,488	4,892	5,333	5,813	6,336			
UPR Filings TO BE Examined	415,562	452,963	422,957	438,649	515,040	575,455	627,246			
Examiner Hires:	959	1,200	1,200	1,200	1,200	1,200	1,200	1,200		
Attrition rate:	10.6%	10%	11%	11%	11%	11%	11%	11%		
Overtime hours per examiner		80	80	80	80	80	80	80		
Production Rates:										
Total complexity factor			1.0%	-1.5%	-2.0%	-2.5%	-3.0%	-3.5%		
Efficiency Gains		0.0	0.0	5.0%	10.0%	10.0%	10.0%	10.0%		
	FY 04	FY 05	FY 06	Production Units per examiner per grade per fiscal year						
	Actual	Actual	Actual							
GS-5	25.4	24.1	25.1	25.1	24.8	26.0	27.1	27.0	26.9	26.7
GS-7	31.5	31.4	34.1	34.1	33.8	35.3	36.8	36.7	36.5	36.3
GS-9	50.4	45.3	49.9	49.9	49.4	51.6	53.9	53.7	53.4	53.1
GS-11	62.7	54.2	53.1	53.1	52.6	54.9	57.4	57.1	56.8	56.5
GS-12	68.3	67.1	65.6	65.6	64.9	67.9	70.9	70.5	70.2	69.8
GS-13	81	79.4	77.0	77.0	76.2	79.6	83.2	82.8	82.4	82.0
GS-14	91.5	89.8	87.9	87.9	87.0	90.9	95.0	94.5	94.0	93.6
GS-15	103.1	99.3	92.3	92.3	91.4	95.5	99.7	99.2	98.7	98.2
Patent Cooperation Treaty (PCT):										
PCT Chapter I PUs redirected (paralegal)										
Chap I reduction 25%-07 50%-08 75%-09/12										
Chap II reduction 25%-08 50%-09/12										
Total PCT PU savings		913	977	2,690	6,725	11,231	11,960	12,732	13,551	
Examiner PCT PUs		14,234	12,617	11,719	8,549	4,960	5,203	5,460	5,733	
Examiner FTE		158	144	133	97	56	59	62	65	
Examiner FTE lost/taken out of the examining corps:										
Part-time			44	44	44	44	44	44	44	
Quality initiatives		12.7	0	0	11	22	27	28	28	
SP Quality Initiatives			19	39	34	34	34	34	34	
New Hire trainers			29	15	15	15	15	15	15	
CLE Training			2	4	6	8	10	12	14	
Exmr tech trng hrs			20	3	6	9	11	13	15	
Allowance Rate		53.6%	60.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	

PT actual number based on 60% TOD
 Quality Initiatives 55 hours per GS-12
 SP Quality Initiatives Target reviews, quality award, reclass, search strategy, and soft skills. FY 07 mid-year implementation
 New Hire trainers are additional over FY 06 level.
 CLE Training 2 FTE over base each year
 Exmr tech trng is 8 hours per examiner over FY 06 base.

SUMMARY		FY 2004		ACTUAL DATA					
6/24/05 12:00 07OMB.P39Emod		07OMB.P39Emod		06 Pres Budget					
YEAR	2004	2005	2006	2006	2007	2008	2009	2010	2011
EOY STAFF	3,681	4,091	4,723	4,631	5,166	5,708	6,265	6,786	7,274
PROF W-Y	3,550	3,649	4,149	4,121	4,676	5,259	5,859	6,393	6,899
# HIRED	443	860	900	1,000	1,000	1,000	1,000	1,000	1,000
# ATTRITED	336	414	337	418	423	417	400	439	475
Net Positions	107	446	563	582	577	583	600	561	525
OVERTIME(K)	13,373	14,360	20,000	17,885	21,225	24,965	29,100	31,755	34,265
OT HOURS	303,459	311,496	414,765	370,904	420,796	473,270	527,269	575,375	620,855
# BOY NEW	443,852	508,878	594,753	607,837	673,347	543,549	453,667	333,201	188,042
TOTAL D'TLS	12	25	25	28	29	31	32	32	32
AVG. GRADE	12.41	11.96	11.65	11.75	11.57	11.56	11.63	11.71	11.81
RECEIPTS	355,527	376,900	395,709	389,513	359,975	381,565	404,430	428,655	454,410
RECEIPTS TO									
BE EXAMINED	355,527	376,900	395,709	385,518	355,740	377,076	399,672	423,612	449,064
REG PROD	272,372	277,845	293,432	296,456	391,424	436,042	485,695	531,173	576,801
TOT PROD	287,752	296,535	314,454	315,254	412,751	460,029	512,419	560,335	608,268
DISPOSALS	287,188	295,456	292,536	310,500	406,600	453,100	504,700	551,900	599,100
FIRST ACTS	288,316	297,614	336,371	320,008	418,903	466,958	520,138	568,771	617,436
PEND FA <small>calculated by FA output</small>				22.5	15.6	11.7	7.7	4.0	0.4
PEND IS/AB				31.3	35.2	25.6	21.7	17.7	14.0
# SPE'S	278	315	364	356	398	439	482	522	559
#PATS PRD	170,664	176,837	178,913	178,173	234,895	271,005	301,881	331,519	360,486

Plus #3 Added Assumptions
 Patentability Reports - 15% gain beginning in FY 07
 10% Drop out in FY 07 inventory
 10% reduction in filings from Patentability Reports
 No Outsourcing of the US Search
 Claims reduction - 2.5% in FY 06/2.5% in FY 07 (5% Total)
 5% reduction in filings from Continuation Limitation

#2 added assumptions
 1,000 Examiner Hiring Levels
 Trainers for New Hires
 FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #1 BASE Assumptions
 Adjusted for Complexity Creep
 PGPub Outsourced Savings FY 06/11
 PCT Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

Allowance Rate	60.0%	63.0%	63.0%	63.0%	63.0%	63.0%
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07OMB.P39Emod Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011
Receipts:							
UPR Filings grow @ 6%	376,900	399,500	423,500	448,900	475,800	504,300	534,600
Less 5% for discontinued continuation		2.5%	15.0%	15.0%	15.0%	15.0%	15.0%
UPR Filings		9,988	63,525	67,335	71,370	75,645	80,190
Less Abandonment Rate 1% during		3,995	4,235	4,489	4,758	5,043	5,346
UPR Filings TO BE Examined		385,518	355,740	377,076	399,672	423,612	449,064
10% Inventory Reduction			66,635				
Net Filings			289,105				
Examiner Hires:	860	1,000	1,000	1,000	1,000	1,000	1,000
Attrition rate:	11%	10%	9%	8%	7%	7%	7%
Production Rates:							
Total complexity creep		-2.0%	-3.0%	-3.5%	-4.0%	-4.5%	-5.0%
Efficiency Gains		0.025	0.200	0.200	0.200	0.200	0.200
	FY 04	Production Units per examiner per grade per fiscal year					
	Actual						
GS-5	25.4	25.5	30.3	30.2	30.0	29.9	29.7
GS-7	31.5	31.6	37.6	37.4	37.2	37.0	36.8
GS-9	50.4	50.6	60.1	59.8	59.5	59.2	59.0
GS-11	62.7	63.0	74.8	74.4	74.1	73.7	73.3
GS-12	68.3	68.6	81.5	81.1	80.7	80.3	79.9
GS-13	81	81.4	96.7	96.2	95.7	95.2	94.7
GS-14	91.5	91.9	109.2	108.6	108.1	107.6	107.0
GS-15	103.1	103.6	123.0	122.4	121.8	121.2	120.6
Patent Cooperation Treaty (PCT):							
PCT Chapter I PUs redirected (paralegal)							
Chap I reduction 25%-07 50%-08 75%-09/11							
Chap II reduction 25%-08 50%-09/11							
Total PCT PU savings		1,250	4,078	9,496	15,284	15,856	16,462
Examiner PCT PUs		18,423	16,236	11,496	6,428	6,619	6,821
Examiner FTE		201	177	126	70	72	75
Competitive Sourcing:							
PGPub FTE redirected to examination		35	37	39	42	44	47
Overtime:							
Overtime hours per examiner FTE		90	90	90	90	90	90
Examiner FTE lost/taken out of the examining corps:							
Part-time		55	55	55	55	55	55
Quality initiatives		39	42	48	50	57	57
New Hire trainers		30	30	30	30	30	30
CLE Training		20	21	22	23	24	25
Exmr Tech Trng 8 hrs >=GS12		10	13.7	14.4	16	17.6	19.1

SUMMARY	FY 2004		ACTUAL DATA						
	6/17/05 11:45 07OMB.P40D		06 Pres Budget						
YEAR	2004	2005	2006	2006	2007	2008	2009	2010	2011
EOY STAFF	3,681	4,091	4,723	4,631	5,166	5,708	6,265	6,786	7,274
PROF W-Y	3,550	3,649	4,149	4,121	4,676	5,259	5,859	6,393	6,899
# HIRED	443	860	900	1,000	1,000	1,000	1,000	1,000	1,000
# ATTRITED	336	414	337	418	423	417	400	439	475
Net Positions	107	446	563	582	577	583	600	561	525
OVERTIME(K)	13,373	14,360	20,000	17,885	21,225	24,965	29,100	31,755	34,265
OT HOURS	303,459	311,496	414,765	370,904	420,796	473,270	527,269	575,375	620,855
# BOY NEW	443,852	508,878	594,753	607,837	673,347	710,327	729,744	727,499	702,755
TOTAL D'TLS	12	25	25	28	29	31	32	32	32
AVG. GRADE	12.41	11.96	11.65	11.75	11.57	11.56	11.63	11.71	11.81
RECEIPTS	355,527	376,900	395,709	389,513	402,325	426,455	452,010	479,085	507,870
RECEIPTS TO BE									
EXAMINED	355,527	376,900	395,709	385,518	398,090	421,966	447,252	474,042	502,524
REG PROD	272,372	277,845	293,432	296,456	334,428	372,588	416,124	462,281	516,072
TOT PROD	287,752	296,535	314,454	315,254	355,755	396,575	442,848	491,443	547,539
DISPOSALS	287,188	295,456	292,536	310,500	350,400	390,600	436,200	484,100	539,300
FIRST ACTS	288,316	297,614	336,371	320,008	361,110	402,549	449,497	498,786	555,778
PEND FA	20.2	20.7	21.4	22.5	22.9	22.3	21.0	19.3	17.0
PEND IS/AB	27.6	31.0	31.3	31.3	32.5	32.9	32.3	31.0	29.3
# SPE'S	278	315	364	356	398	439	482	522	559
#PATS PRTD	170,664	176,837	178,913	178,173	208,967	233,606	260,756	289,802	322,567

#3 Added Assumptions

Claims reduction - 2.5% in FY 06/2.5% in FY 07 (5% Total)
 5% reduction in filings from Continuation Limitation

Efficiency gain changed from 20% to 5%

FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #2 Added Assumptions

1,000 Examiner Hiring Levels
 Trainers for New Hires

Plus #1 Base Assumptions

Adjusted for Complexity Creep
 Efficiency gains:
 PGPub Outsourced Savings FY 06/11
 PCT Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

07OMB.P40D Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011
Receipts:							
UPR Filings grow @ 6%	376,900	399,500	423,500	448,900	475,800	504,300	534,600
		2.5	5.0				
Less 5% for discontinued continuation UPR Filings		9,988	21,175	22,445	23,790	25,215	26,730
		389,513	402,325	426,455	452,010	479,085	507,870
Less Abandonment Rate 1% during UPR Filings TO BE Examined		3,995	4,235	4,489	4,758	5,043	5,346
		385,518	398,090	421,966	447,252	474,042	502,524
Examiner Hires:	860	1,000	1,000	1,000	1,000	1,000	1,000
Attrition rate:	11%	10%	9%	8%	7%	7%	7%
Production Rates:							
Total complexity creep		-2.0%	-3.0%	-3.5%	-4.0%	-4.5%	-5.0%
Efficiency Gains		2.5%	5.0%	5.0%	5.310%	6.870%	9.680%
	FY 04	Production Units per examiner per grade per fiscal year					
	Actual						
GS-5	25.4	25.5	25.9	25.8	25.7	26.0	26.6
GS-7	31.5	31.6	32.1	31.9	31.9	32.2	33.0
GS-9	50.4	50.6	51.4	51.1	51.0	51.6	52.7
GS-11	62.7	63.0	63.9	63.6	63.5	64.1	65.6
GS-12	68.3	68.6	69.6	69.3	69.1	69.9	71.5
GS-13	81	81.4	82.6	82.2	82.0	82.9	84.8
GS-14	91.5	91.9	93.3	92.8	92.6	93.6	95.7
GS-15	103.1	103.6	105.1	104.6	104.4	105.5	107.9
Patent Cooperation Treaty (PCT):							
PCT Chapter I PUs redirected (paralegal)							
Chap I reduction 25%-07 50%-08 75%-09/11							
Chap II reduction 25%-08 50%-09/11							
Total PCT PU savings		1,250	4,078	9,496	15,284	15,856	16,462
Examiner PCT PUs		18,423	16,236	11,496	6,428	6,619	6,821
Examiner FTE		201	177	126	70	72	75
Competitive Sourcing:							
PGPub FTE redirected to examination		35	37	39	42	44	47
Overtime:							
Overtime hours per examiner FTE		90	90	90	90	90	90
Examiner FTE lost/taken out of the examining corps:							
Part-time		55	55	55	55	55	55
Quality initiatives		39	42	48	50	57	57
New Hire trainers		30	30	30	30	30	30
CLE Training		20	21	22	23	24	25
Exmr Tech Trng 8 hrs >=GS12		10	13.7	14.4	16	17.6	19.1
Allowance Rate		60.0%	63.0%	63.0%	63.0%	63.0%	63.0%

w/c Bond Pleur

SUMMARY FY 2004 ACTUAL DATA
06CONG P21

YEAR	2004	2005	2006	2007	2008	2009	2010	Notes
EOY STAFF	3681	3645	3646	3646	3646	3646	3646	FY 05/10 Filing growth rate is 6%
PROF W-Y	3550	3344	3346	3337	3330	3322	3313	FY 05/10 Attrition rate is 8%
# HIRED	443	296	296	296	296	296	296	
# ATTRITED	336	296	296	296	296	296	296	
Net Positions	107	0	0	0	0	0	0	
OVERTIME(K)	13373	13875	14495	15150	15010	16500	16455	FY 05/10 90 Overtime hours/FTE
OT HOURS	303459	300976	300601	300356	299715	298967	298151	No PCT Outsourcing
# BOY NEW	443852	508878	609792	732160	876771	1E+06	#####	
TOTAL D'TLS	12	25	25	25	25	25	25	
AVG GRADE	12.41	12.4	12.61	12.77	12.86	12.93	12.97	
RECEIPTS	355527	376900	399500	423500	448900	475800	504300	FY 06/10 Prod rates adj for complexity
REG PROD	272372	256689	257801	259547	260900	261097	260777	FY 05 38 SY's Quality Initiatives
TOI PROD	287752	271943	273036	274770	276090	276249	275888	FY 06/10 68 SY's Quality Initiatives
DISPOSALS	287188	267900	268940	270650	271950	272100	271750	FY 05/06 30 SY's Trainers for new hires
FIRST ACTS	288316	275986	277132	278890	280230	280397	280026	FY 05/10 15 hr/Exmr CLE Training
PENDDTA	20.2	21.3	23.5	26.3	29.4	32.8	36.4	No Efficiency Gains
PENDDIAB	27.6	30.2	32.3	34.5	37.3	40.4	43.8	
NO SPL'S	278	315	315	315	315	315	315	FY 05/10 EOD Date 7/1
#PAIS PRTD	170664	167354	164895	165842	166634	166970	166831	FY 05/10 allowance rate 63%

07OMB.P40D Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011
Receipts:							
UPR Filings grow @ 6%	376,900	399,500	423,500	448,900	475,800	504,300	534,600
Less 5% for discontinued continuation UPR Filings		9,988	21,175	22,445	23,790	25,215	26,730
		389,513	402,325	426,455	452,010	479,085	507,870
Less Abandonment Rate 1% during UPR Filings TO BE Examined		3,995	4,235	4,489	4,758	5,043	5,346
		385,518	398,090	421,966	447,252	474,042	502,524
Examiner Hires:							
Attrition rate:	860	1,000	1,000	1,000	1,000	1,000	1,000
	11%	10%	9%	8%	7%	7%	7%
Production Rates:							
Total complexity creep		-2.0%	-3.0%	-3.5%	-4.0%	-4.5%	-5.0%
Efficiency Gains		2.5%	5.0%	5.0%	5.310%	6.870%	9.680%
Production Units per examiner per grade per fiscal year							
	FY 04						
	Actual						
GS-5	25.4	25.5	25.9	25.8	25.7	26.0	26.6
GS-7	31.5	31.6	32.1	31.9	31.9	32.2	33.0
GS-9	50.4	50.6	51.4	51.1	51.0	51.6	52.7
GS-11	62.7	63.0	63.9	63.6	63.5	64.1	65.6
GS-12	68.3	68.6	69.6	69.3	69.1	69.9	71.5
GS-13	81	81.4	82.6	82.2	82.0	82.9	84.8
GS-14	91.5	91.9	93.3	92.8	92.6	93.6	95.7
GS-15	103.1	103.6	105.1	104.6	104.4	105.5	107.9
Patent Cooperation Treaty (PCT):							
PCT Chapter I PUs redirected (paralegal)							
Chap I reduction 25%-07 50%-08 75%-09/11							
Chap II reduction 25%-08 50%-09/11							
Total PCT PU savings		1,250	4,078	9,496	15,284	15,856	16,462
Examiner PCT PUs		18,423	16,236	11,496	6,428	6,619	6,821
Examiner FTE		201	177	126	70	72	75
Competitive Sourcing:							
PGPub FTE redirected to examination		35	37	39	42	44	47
Overtime:							
Overtime hours per examiner FTE		90	90	90	90	90	90
Examiner FTE lost/taken out of the examining corps:							
Part-time		55	55	55	55	55	55
Quality initiatives		39	42	48	50	57	57
New Hire trainers		30	30	30	30	30	30
CLE Training		20	21	22	23	24	25
Exmr Tech Trng 8 hrs >=GS12		10	13.7	14.4	16	17.6	19.1
Allowance Rate		60.0%	63.0%	63.0%	63.0%	63.0%	63.0%

SUMMARY	FY 2004		ACTUAL DATA						
	6/17/05 11:45 07OMB.P40D		06 Pres Budget						
YEAR	2004	2005	2006	2006	2007	2008	2009	2010	2011
EOY STAFF	3,681	4,091	4,723	4,631	5,166	5,708	6,265	6,786	7,274
PROF W-Y	3,550	3,649	4,149	4,121	4,676	5,259	5,859	6,393	6,899
# HIRED	443	860	900	1,000	1,000	1,000	1,000	1,000	1,000
# ATTRITED	336	414	337	418	423	417	400	439	475
Net Positions	107	446	563	582	577	583	600	561	525
OVERTIME(K)	13,373	14,360	20,000	17,885	21,225	24,965	29,100	31,755	34,265
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TOTAL D'TLS	12	25	25	28	29	31	32	32	32
AVG. GRADE	12.41	11.96	11.65	11.75	11.57	11.56	11.63	11.71	11.81
RECEIPTS	355,527	376,900	395,709	389,513	402,325	426,455	452,010	479,085	507,870
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TOT PROD	287,752	296,535	314,454	315,254	355,755	396,575	442,848	491,443	547,539
DISPOSALS	287,188	295,456	292,536	310,500	350,400	390,600	436,200	484,100	539,300
FIRST ACTS	288,316	297,614	336,371	320,008	361,110	402,549	449,497	498,786	555,778
PEND FA	20.2	20.7	21.4	22.5	22.9	22.3	21.0	19.3	17.0
PEND IS/AB	27.6	31.0	31.3	31.3	32.5	32.9	32.3	31.0	29.3
# SPE'S	278	315	364	356	398	439	482	522	559
#PATS PRTD	170,664	176,837	178,913	178,173	208,967	233,606	260,756	289,802	322,567

#3 Added Assumptions

Claims reduction - 2.5% in FY 06/2.5% in FY 07 (5% Total)
 5% reduction in filings from Continuation Limitation

Efficiency gain changed from 20% to 5%

FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #2 Added Assumptions

1,000 Examiner Hiring Levels
 Trainers for New Hires

Plus #1 Base Assumptions

Adjusted for Complexity Creep
 Efficiency gains:
 PGPub Outsourced Savings FY 06/11
 PCT Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

07OMB.P39Emod Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011
Receipts:							
UPR Filings grow @ 6%	376,900	399,500	423,500	448,900	475,800	504,300	534,600
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Examiner Hires:	860	1,000	1,000	1,000	1,000	1,000	1,000
Attrition rate:	11%	10%	9%	8%	7%	7%	7%
Production Rates:							
Total complexity creep		-2.0%	-3.0%	-3.5%	-4.0%	-4.5%	-5.0%
Efficiency Gains		0.025	0.200	0.200	0.200	0.200	0.200
	FY 04						
	Actual	Production Units per examiner per grade per fiscal year					
GS-5	25.4	25.5	30.3	30.2	30.0	29.9	29.7
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GS-9	50.4	50.6	60.1	59.8	59.5	59.2	59.0
GS-11	62.7	63.0	74.8	74.4	74.1	73.7	73.3
GS-12	68.3	68.6	81.5	81.1	80.7	80.3	79.9
GS-13	81	81.4	96.7	96.2	95.7	95.2	94.7
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Patent Cooperation Treaty (PCT):							
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Competitive Sourcing:							
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Overtime:							
Overtime hours per examiner FTE		90	90	90	90	90	90
Examiner FTE lost/taken out of the examining corps:							
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Quality initiatives		39	42	48	50	57	57
New Hire trainers		30	30	30	30	30	30
CLE Training		20	21	22	23	24	25
Exmr Tech Trng 8 hrs >=GS12		10	13.7	14.4	16	17.6	19.1
Allowance Rate		60.0%	63.0%	63.0%	63.0%	63.0%	63.0%

SUMMARY	FY 2004		ACTUAL DATA						
	6/24/05	12:00	07OMB.P39E	mod	06 Pres	Budget			
YEAR	2004	2005	2006	2006	2007	2008	2009	2010	2011
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# ATTRITED	336	414	337	418	423	417	400	439	475
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TOTAL D'TLS	12	25	25	28	29	31	32	32	32
AVG. GRADE	12.41	11.96	11.65	11.75	11.57	11.56	11.63	11.71	11.81
RECEIPTS	355,527	376,900	395,709	389,513	359,975	381,565	404,430	428,655	454,410
RECEIPTS TO									
BE EXAMINED	355,527	376,900	395,709	385,518	355,740	377,076	399,672	423,612	449,064
REG PROD	272,372	277,845	293,432	296,456	391,424	436,042	485,695	531,173	576,801
TOT PROD	287,752	296,535	314,454	315,254	412,751	460,029	512,419	560,335	608,268
DISPOSALS	287,188	295,456	292,536	310,500	406,600	453,100	504,700	551,900	599,100
FIRST ACTS	288,316	297,614	336,371	320,008	418,903	466,958	520,138	568,771	617,436
PEND FA <small>calculated by FA output</small>				22.5	15.6	11.7	7.7	4.0	0.4
PEND IS/AB				31.3	35.2	25.6	21.7	17.7	14.0
# SPE'S	278	315	364	356	398	439	482	522	559
#PATS PRD	170,664	176,837	178,913	178,173	234,895	271,005	301,881	331,519	360,486

Plus #3 Added Assumptions
 Patentability Reports - 15% gain beginning in FY 07
 10% Drop out in FY 07 inventory
 10% reduction in filings from Patentability Reports
 No Outsourcing of the US Search
 Claims reduction - 2.5% in FY 06/2.5% in FY 07 (5% Total)
 5% reduction in filings from Continuation Limitation

#2 added assumptions
 1,000 Examiner Hiring Levels
 Trainers for New Hires
 FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #1 BASE Assumptions
 Adjusted for Complexity Creep
 PGPub Outsourced Savings FY 06/11
 PCT Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

07OMB.P39D Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011
Receipts:							
UPR Filings grow @ 6%	376,900	399,500	423,500	448,900	475,800	504,300	534,600
Less 5% for discontinued continuation		0	0	0	0	0	0
UPR Filings		0	0	0	0	0	0
Less Abandonment Rate 1% during		3,995	4,235	4,489	4,758	5,043	5,346
UPR Filings TO BE Examined		395,505	419,265	444,411	471,042	499,257	529,254
Examiner Hires:	860	1,000	1,000	1,000	1,000	1,000	1,000
Attrition rate:	11%	10%	9%	8%	7%	7%	7%
Production Rates:							
Total complexity creep		-2.0%	-3.0%	-3.5%	-4.0%	-4.5%	-5.0%
Efficiency Gains		0.0	0.0	0.0	0.0031	0.0156	0.0281
	FY 04	Production Units per examiner per grade per fiscal year					
	Actual						
GS-5	25.4	24.9	24.6	24.5	24.5	24.7	25.3
GS-7	31.5	30.9	30.6	30.4	30.4	30.7	31.4
GS-9	50.4	49.4	48.9	48.7	48.6	49.1	50.2
GS-11	62.7	61.4	60.8	60.5	60.4	61.1	62.5
GS-12	68.3	66.9	66.3	65.9	65.8	66.5	68.0
GS-13	81	79.4	78.6	78.2	78.0	78.9	80.7
GS-14	91.5	89.7	88.8	88.3	88.2	89.1	91.1
GS-15	103.1	101.0	100.0	99.5	99.3	100.4	102.7
Patent Cooperation Treaty (PCT):							
PCT Chapter I PUs redirected (paralegal)							
Chap I reduction 25%-07 50%-08 75%-09/11							
Chap II reduction 25%-08 50%-09/11							
Total PCT PU savings		1,250	4,078	9,496	15,284	15,856	16,462
Examiner PCT PUs		18,423	16,236	11,496	6,428	6,619	6,821
Examiner FTE		201	177	126	70	72	75
Competitive Sourcing:							
PGPub FTE redirected to examination		35	37	39	42	44	47
Overtime:							
Overtime hours per examiner FTE		90	90	90	90	90	90
Examiner FTE lost/taken out of the examining corps:							
Part-time		55	55	55	55	55	55
Quality initiatives		39	42	48	50	57	57
New Hire trainers		30	30	30	30	30	30
CLE Training		20	21	22	23	24	25
Exmr Tech Trng 8 hrs >=GS12		10	13.7	14.4	16	17.6	19.1
Allowance Rate		60.0%	63.0%	63.0%	63.0%	63.0%	63.0%

SUMMARY	FY 2004		ACTUAL DATA						
6/24/05 11:30	07OMB.P39D		06 Pres Budget						
YEAR	2004	2005	2006	2006	2007	2008	2009	2010	2011
EOY STAFF	3,681	4,091	4,723	4,631	5,166	5,708	6,265	6,786	7,274
PROF W-Y	3,550	3,649	4,149	4,121	4,676	5,259	5,859	6,393	6,899
# HIRED	443	860	900	1,000	1,000	1,000	1,000	1,000	1,000
# ATTRITED	336	414	337	418	423	417	400	439	475
Net Positions	107	446	563	582	577	583	600	561	525
OVERTIME(K)	13,373	14,360	20,000	17,885	21,225	24,965	29,100	31,755	34,265
OT HOURS	303,459	311,496	414,765	370,904	420,796	473,270	527,269	575,375	620,855
# BOY NEW	443,852	508,878	594,753	607,837	690,657	765,162	825,358	867,135	890,089
TOTAL D'TLS	12	25	25	28	29	31	32	32	32
AVG. GRADE	12.41	11.96	11.65	11.75	11.57	11.56	11.63	11.71	11.81
RECEIPTS	355,527	376,900	395,709	399,500	423,500	448,900	475,800	504,300	534,600
RECEIPTS TO BE EXAMINED	355,527	376,900	395,709	395,505	419,265	444,411	471,042	499,257	529,254
REG PROD	272,372	277,845	293,432	289,294	318,303	354,571	396,208	440,090	491,246
TOT PROD	287,752	296,535	314,454	308,092	339,630	378,558	422,932	469,252	522,713
DISPOSALS	287,188	295,456	292,536	303,500	334,500	372,900	416,600	462,200	514,900
FIRST ACTS	288,316	297,614	336,371	312,684	344,760	384,216	429,264	476,303	530,525
PEND FA	20.2	20.7	21.4	22.5	23.4	23.8	23.6	22.9	21.7
PEND IS/AB	27.6	31.0	31.3	31.3	32.5	33.4	33.8	33.6	32.9
# SPE'S	278	315	364	356	398	439	482	522	559
#PATS PRTD	170,664	176,837	178,913	175,097	200,565	223,016	249,016	276,712	307,973

#2 added assumptions
 1,000 Examiner Hiring Levels
 Trainers for New Hires

Efficiency gain changed from 20% to 5%
 5 % Efficiency gain - Outsourcing the Search

FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #1 BASE Assumptions
 Adjusted for Complexity Creep
 PGPub Outsourced Savings FY 06/11
 PCT Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

SUMMARY FY 2005 ACTUAL DATA
 ##### 07CONG.P12

YEAR	2005	2006	2007	2008	2009	2010	2011
EOY STAFF	4,177	4,150	4,150	4,150	4,150	4,150	4,150
PROF W-Y	3,804	3,918	3,914	3,907	3,888	3,858	3,831
# HIRED	959	414	374	332	290	290	290
# ATTRITED	425	414	374	332	290	290	290
Net Positions	534	0	0	0	0	0	0
OVERTIME(K)	12,225	14,917	15,215	15,506	15,755	15,962	16,183
OT HOURS	278,669	333,039	332,703	332,111	330,499	327,956	325,609
# BOY NEW	508,878	586,580	692,184	826,608	992,203	1,193,091	1,434,039
TOTAL D'TLS	13	20	20	20	20	20	20
AVG. GRADE	12.17	12.03	12.31	12.52	12.69	12.84	12.95
RECEIPTS	384,209	415,330	448,972	485,338	524,651	567,147	613,086
RECEIPTS TO							
BE EXAMINED	384,209	411,177	444,482	480,485	519,404	561,476	606,956
REG PROD	275,008	280,782	285,141	289,835	293,475	295,503	296,504
TOT PROD	288,315	296,686	301,029	305,695	309,258	311,164	312,053
DISPOSALS	279,345	287,800	292,000	296,500	300,000	301,800	302,700
FIRST ACTS	297,285	305,572	310,058	314,890	318,516	320,527	321,405
PEND FA	21.1	22.0	23.9	26.4	29.2	32.2	35.5
PEND IS/AB	29.1	31.3	32.0	33.9	36.4	39.2	42.2
# SPE'S	294	321	321	321	321	321	321
#PATS PRTD	152104	160,000	166,378	168,848	171,052	172,322	172,965

Examiner Hiring Levels Replacing attrition only
 85 Overtime hours/FTE

No Efficiency gains

No PCT Outsourcing

FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #1 BASE Assumptions
 Adjusted for Complexity Factor
 PGPub Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

07CONG.P12 Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011		
Receipts:									
UPR Filings growth @	384,209	415,330	448,972	485,338	524,651	567,147	613,086		
Growth Rates		8.1%	8.1%	8.1%	8.1%	8.1%	8.1%		
Less 5% for discontinued continuation		0	0	0	0	0	0		
UPR Filings		0	0	0	0	0	0		
Less Abandonment Rate 1% during initial		4,153	4,490	4,853	5,247	5,671	6,131		
UPR Filings TO BE Examined		411,177	444,482	480,485	519,404	561,476	606,956		
Examiner Hires:	959	414	374	332	290	290	290		
Attrition rate:	10%	10%	9%	8%	7%	7%	7%		
Production Rates:									
Total complexity factor		-1.0%	-2.0%	-2.5%	-3.0%	-3.5%	-4.0%		
Efficiency Gains		0.0	0.0	0.0	0.0000	0.0000	0.0000		
	FY 04	FY 05	2-YR Avg						
	Actual	Actual	of Actual	Production Units per examiner per grade per fiscal year					
GS-5	25.4	24.1	24.75	24.5	24.3	24.1	24.0	23.9	23.8
GS-7	31.5	31.4	31.45	31.1	30.8	30.7	30.5	30.4	30.2
GS-9	50.4	45.3	47.85	47.4	46.9	46.7	46.4	46.2	46.0
GS-11	62.7	54.2	58.45	57.9	57.3	57.0	56.7	56.4	56.1
GS-12	68.3	67.1	67.7	67.0	66.4	66.0	65.7	65.4	65.0
GS-13	81	79.4	80.2	79.4	78.6	78.2	77.8	77.4	77.0
GS-14	91.5	89.8	90.65	89.7	88.8	88.4	88.0	87.5	87.1
GS-15	103.1	99.3	101.2	100.2	99.2	98.7	98.2	97.7	97.2
Patent Cooperation Treaty (PCT):									
PCT Chapter I PUs redirected (paralegal)									
Chap I reduction 25%-07 50%-08 75%-09/11									
Chap II reduction 25%-08 50%-09/11									
Total PCT PU savings		913	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Examiner PCT PUs		14,234	16,056	17,019	18,040	19,123	20,270	21,486	
Examiner FTE		158	179	190	201	213	226	239	
Competitive Sourcing:		0	35	37	39	42	44	47	
PGPub FTE redirected to examination									
Overtime:		86	85	85	85	85	85	85	
Overtime hours per examiner FTE									
Examiner FTE lost/taken out of the examining corps:									
Part-time		44	44	44	44	44	44	44	
Quality initiatives		12	5	5	6	17	28	34	
New Hire trainers		5	15	15	15	15	15	15	
CLE Training		8	29	34	38	43	48	53	
Exmr Tech Trng 8 hrs >=GS12		7	6	6	6	7	10	12	
Allowance Rate		58.7%	60.0%	63.0%	63.0%	63.0%	63.0%	63.0%	

SUMMARY	FY 2005	ACTUAL DATA						
#####	07CONG.P9	06 Pres						
		Budget						
YEAR	2005	2006	2006	2007	2008	2009	2010	2011
EOY STAFF	4,177	4,723	4,705	5,235	5,710	6,251	6,757	7,232
PROF W-Y	3,804	4,149	4,200	4,749	5,292	5,853	6,356	6,831
# HIRED	959	900	1,000	1,000	1,000	1,000	1,000	1,000
# ATTRITED	425	337	427	430	436	418	455	488
Net Positions	534	563	573	570	564	582	545	512
OVERTIME(K)	12,225	20,000	18,227	21,559	20,959	23,669	26,247	28,805
OT HOURS	278,669	414,765	377,999	427,410	448,906	496,514	539,283	579,569
# BOY NEW	508,878	594,753	586,580	681,049	779,305	875,698	968,244	1,057,144
TOTAL D'TLS	13	25	28	29	20	20	20	20
AVG. GRADE	12.17	11.65	11.69	11.55	11.59	11.67	11.75	11.85
RECEIPTS	384,209	395,709	415,330	448,972	485,338	524,651	567,147	613,086
RECEIPTS TO								
BE EXAMINED	384,209	395,709	411,177	444,482	480,485	519,404	561,476	606,956
REG PROD	275,008	293,432	292,755	322,232	351,459	390,668	432,985	481,742
TOT PROD	288,315	314,454	311,913	343,894	372,896	414,379	458,738	509,419
DISPOSALS	279,345	292,536	307,234	338,736	361,700	401,900	444,900	494,100
FIRST ACTS	297,285	336,371	316,591	349,052	384,092	426,858	472,576	524,737
PEND FA	21.1	21.4	22.0	23.0	23.7	23.9	24.1	24.0
PEND IS/AB	29.1	31.3	31.3	32.0	33.0	33.7	33.9	34.1
# SPE'S	294	364	362	402	440	481	520	557
#PATS PRTD	152104	178,913	160,000	181,200	196,300	218,500	244,000	270,500

#2 added assumptions
 1,000 Examiner Hiring Levels
 Trainers for New Hires

Efficiency gain from Outsourcing the Search

FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #1 BASE Assumptions
 Adjusted for Complexity Factor
 PGPub Outsourced Savings FY 06/11
 PCT Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

07CONG.P9 Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011		
Receipts:									
UPR Filings growth @	384,209	415,330	448,972	485,338	524,651	567,147	613,086		
Growth Rate		8.1%	8.1%	8.1%	8.1%	8.1%	8.1%		
Less 5% for discontinued continuation		0	0	0	0	0	0		
UPR Filings		0	0	0	0	0	0		
Less Abandonment Rate 1% during initial		4,153	4,490	4,853	5,247	5,671	6,131		
UPR Filings TO BE Examined		411,177	444,482	480,485	519,404	561,476	606,956		
Examiner Hires:	959	1,000	1,000	1,000	1,000	1,000	1,000		
Attrition rate:	10%	10%	9%	8%	7%	7%	7%		
Production Rates:									
Total complexity factor		-1.0%	-2.0%	-2.5%	-3.0%	-3.5%	-4.0%		
Efficiency Gains		0.0	0.0	0.0	0.0031	0.0156	0.0281		
	FY 04 Actual	FY 05 Actual	2-YR Avg of Actual	Production Units per examiner per grade per fiscal year					
GS-5	25.4	24.1	24.75	24.5	24.3	24.1	24.1	24.3	24.9
GS-7	31.5	31.4	31.45	31.1	30.8	30.7	30.6	30.9	31.6
GS-9	50.4	45.3	47.85	47.4	46.9	46.7	46.6	47.1	48.1
GS-11	62.7	54.2	58.45	57.9	57.3	57.0	56.9	57.5	58.8
GS-12	68.3	67.1	67.7	67.0	66.4	66.0	65.9	66.6	68.1
GS-13	81	79.4	80.2	79.4	78.6	78.2	78.1	78.9	80.7
GS-14	91.5	89.8	90.65	89.7	88.8	88.4	88.2	89.2	91.2
GS-15	103.1	99.3	101.2	100.2	99.2	98.7	98.5	99.5	101.8
Patent Cooperation Treaty (PCT):									
PCT Chapter I PUs redirected (paralegal)									
Chap I reduction 25%-07 50%-08 75%-09/11									
Chap II reduction 25%-08 50%-09/11									
Total PCT PU savings		913	1,250	3,255	8,020	13,342	14,202	15,114	
Examiner PCT PUs		14,234	14,806	13,764	10,020	5,781	6,068	6,372	
Examiner FTE		158	165	153	112	64	68	71	
Competitive Sourcing:		0	35	37	39	42	44	47	
PGPub FTE redirected to examination									
Overtime:		86	85	85	85	85	85	85	
Overtime hours per examiner FTE									
Examiner FTE lost/taken out of the examining corps:									
Part-time		44	44	44	44	44	44	44	
Quality initiatives		12	5	5	6	17	28	34	
New Hire Trainers		5	15	15	15	15	15	15	
CLE Training		8	29	34	38	43	48	53	
Exmr Tech Trng 8 hrs ==GS12		7	6	6	6	7	10	12	
Allowance Rate		58.7%	60.0%	63.0%	63.0%	63.0%	63.0%	63.0%	

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SUMMARY	FY 2005	ACTUAL DATA						
#####	07CONG.P10	06 Pres Budget						
YEAR	2005	2006	2006	2007	2008	2009	2010	2011
EOY STAFF	4,177	4,723	4,670	5,187	5,710	6,251	6,757	7,232
PROF W-Y	3,804	4,149	4,212	4,737	5,292	5,853	6,356	6,831
# HIRED	959	900	1,000	1,000	1,000	1,000	1,000	1,000
# ATTRITED	425	337	442	443	436	418	455	488
Net Positions	534	563	558	557	564	582	545	512
OVERTIME(K)	12,225	20,000	16,006	18,379	20,959	23,669	26,247	28,805
OT HOURS	278,669	414,765	357,350	401,896	448,906	496,514	539,283	579,569
# BOY NEW	508,878	594,753	586,580	663,133	722,396	776,241	822,231	860,311
TOTAL D'TLS	13	25	20	20	20	20	20	20
AVG GRADE	12.17	11.65	11.69	11.56	11.59	11.67	11.75	11.85
RECEIPTS	384,209	395,709	415,330	448,972	485,338	524,651	567,147	613,086
RECEIPTS TO BE EXAMINED	384,209	395,709	400,793	422,033	456,218	493,172	533,119	576,301
REG PROD	275,008	293,432	297,755	333,043	369,300	410,430	454,866	506,263
TOT PROD	288,315	314,454	314,820	352,235	390,737	434,141	480,619	533,940
DISPOSALS	279,345	292,536	305,400	341,700	379,100	421,100	466,200	517,900
FIRST ACTS	297,285	336,371	324,240	362,770	402,373	447,182	495,038	549,980
PEND FA	21.1	21.4	21.4	22.1	22.0	21.5	20.9	20.0
PEND IS/AB	29.1	31.3	31.3	31.4	32.1	32.0	31.5	30.9
# SPE'S	294	364	359	399	440	481	520	557
#PATS PRTD	152,104	178,913	160,000	190,240	211,478	234,834	260,184	288,810

#2 added assumptions
 1,000 Examiner Hiring Levels
 Trainers for New Hires

Efficiency gain from Outsourcing the Search

Claims reduction - 2.5% in FY 06 / 5% in FY 07/11
 Reduction in filings from Continuation Limitation 2.5% in FY 06 / 2.5% in FY 07 (5% Total)
 FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #1 BASE Assumptions
 Adjusted for Complexity Factor
 PGPub Outsourced Savings FY 06/11
 PCT Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

07CONG.P10 Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011		
Receipts:									
UPR Filings growth @	384,209	415,330	448,972	485,338	524,651	567,147	613,086		
Growth Rate		8.1%	8.1%	8.1%	8.1%	8.1%	8.1%		
Less 5% for discontinued continuation		10,383	22,449	24,267	26,233	28,357	30,654		
UPR Filings		404,947	426,523	461,071	498,418	538,790	582,432		
Less Abandonment Rate 1% during initial		4,153	4,490	4,853	5,247	5,671	6,131		
UPR Filings TO BE Examined		400,793	422,033	456,218	493,172	533,119	576,301		
Examiner Hires:	959	1,000	1,000	1,000	1,000	1,000	1,000		
Attrition rate:	10%	10%	9%	8%	7%	7%	7%		
Production Rates:									
Total complexity factor		-1.0%	-2.0%	-2.5%	-3.0%	-3.5%	-4.0%		
Efficiency Gains		2.500%	5.000%	5.000%	5.313%	6.563%	7.813%		
	FY 04	FY 05	2-YR Avg						
	Actual	Actual	of Actual	Production Units per examiner per grade per fiscal year					
GS-5	25.4	24.1	24.75	25.1	25.5	25.4	25.3	25.6	26.2
GS-7	31.5	31.4	31.45	31.9	32.4	32.2	32.2	32.5	33.2
GS-9	50.4	45.3	47.85	48.6	49.3	49.0	48.9	49.4	50.6
GS-11	62.7	54.2	58.45	59.3	60.2	59.9	59.8	60.4	61.8
GS-12	68.3	67.1	67.7	68.7	69.7	69.4	69.2	70.0	71.6
GS-13	81	79.4	80.2	81.4	82.6	82.2	82.0	82.9	84.8
GS-14	91.5	89.8	90.65	92.0	93.3	92.9	92.7	93.7	95.8
GS-15	103.1	99.3	101.2	102.7	104.2	103.7	103.5	104.6	107.0
Patent Cooperation Treaty (PCT):									
PCT Chapter I PUs redirected (paralegal)									
Chap I reduction 25%-07 50%-08 75%-09/11									
Chap II reduction 25%-08 50%-09/11									
Total PCT PU savings		913	1,250	3,255	8,020	13,342	14,202	15,114	
Examiner PCT PUs		14,234	14,806	13,764	10,020	5,781	6,068	6,372	
Examiner FTE		158	165	153	112	64	68	71	
Competitive Sourcing:	0	35	37	39	42	44	47		
PGPub FTE redirected to examination									
Overtime:	86	85	85	85	85	85	85		
Overtime hours per examiner FTE									
Examiner FTE lost/taken out of the examining corps:									
Part-time	44	44	44	44	44	44	44		
Quality initiatives	12	5	5	6	17	28	34		
New Hire trainers	5	15	15	15	15	15	15		
CLE Training	8	29	34	38	43	48	53		
Exmr Tech Trng 8 hrs >=GS12	7	6	6	6	7	10	12		
Allowance Rate	58.7%	60.0%	63.0%	63.0%	63.0%	63.0%	63.0%		

SUMMARY	FY 2005	ACTUAL DATA						
#####	07CONG.P11	06 Pres						
		Budget						
YEAR	2005	2006	2006	2007	2008	2009	2010	2011
EOY STAFF	4,177	4,723	4,670	5,187	5,710	6,251	6,757	7,232
PROF W-Y	3,804	4,149	4,212	4,737	5,292	5,853	6,356	6,831
# HIRED	959	900	1,000	1,000	1,000	1,000	1,000	1,000
# ATTRITED	425	337	442	443	436	418	455	488
Net Positions	534	563	558	557	564	582	545	512
OVERTIME(K)	12,225	20,000	16,006	18,379	20,959	23,669	26,247	28,805
OT HOURS	278,669	414,765	357,350	401,896	448,906	496,514	539,283	579,569
# BOY NEW	508,878	594,753	586,580	663,133	581,073	521,492	444,366	356,147
TOTAL D'TLS	13	25	20	20	20	20	20	20
AVG GRADE	12.17	11.65	11.69	11.56	11.59	11.67	11.75	11.85
RECEIPTS	384,209	395,709	404,947	381,626	412,538	445,953	482,075	521,123
RECEIPTS TO								
BE EXAMINED	384,209	395,709	400,793	339,423	407,684	440,707	476,404	514,993
REG PROD	275,008	293,432	297,755	389,999	432,196	479,055	522,459	565,907
TOT PROD	288,315	314,454	314,820	409,191	453,633	502,766	548,212	593,584
DISPOSALS	279,345	292,536	305,400	396,900	440,000	487,700	531,800	575,800
FIRST ACTS	297,285	336,371	324,240	421,483	467,266	517,832	564,624	611,369
FA Monthly Output			27020	35124	38939	43153	47052	50947
PEND FA	21.1	21.4	21.4	20.1	16.8	14.6	11.2	8.0
PEND FA calculated by FA Output			24.5	16.5	13.4	10.3	7.6	5.1
PEND IS/AB	29.1	31.3	31.3	31.4	30.1	26.8	24.6	21.2
PEND IS/AB calculated by FA Output					26.5	23.4	20.3	17.6
# SPE'S	294	364	359	399	440	481	520	557
#PATS PRTD	152104	178,913	160,000	213,969	245,493	272,109	297,838	323,012

#2 added assumptions
 1,000 Examiner Hiring Levels
 Trainers for New Hires
 10% Dropout in FY 07
 Efficiency gain from Outsourcing the Search
 Patentability Reports 20% FY 07/11
 Claims reduction - 2.5% in FY 06 / 5% in FY 07/11
 Reduction in filings from Continuation Limitation 2.5% in FY 06 / 2.5% in FY 07 (5% Total)
 FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #1 BASE Assumptions
 Adjusted for Complexity Factor
 PGPub Outsourced Savings FY 06/11
 PCT Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

07CONG.P11 Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011		
Receipts:									
UPR Filings growth @	384,209	415,330	448,972	485,338	524,651	567,147	613,086		
Growth Rate	8.0%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%		
Less 15% for discontinued continuation		10,383	67,346	72,801	78,698	85,072	91,963		
UPR Filings		404,947	381,626	412,538	445,953	482,075	521,123		
Less Abandonment Rate 1% during initial		4,153	4,490	4,853	5,247	5,671	6,131		
UPR Filings TO BE Examined		400,793	377,136	407,684	440,707	476,404	514,993		
10% Dropout			339,423						
Examiner Hires:	959	1,000	1,000	1,000	1,000	1,000	1,000		
Attrition rate:	10%	10%	9%	8%	7%	7%	7%		
Production Rates:									
Total complexity factor		-1.0%	-2.0%	-2.5%	-3.0%	-3.5%	-4.0%		
Efficiency Gains		2.500%	20.000%	20.000%	20.000%	20.000%	20.000%		
	FY 04 Actual	FY 05 Actual	2-YR Avg of Actual	Production Units per examiner per grade per fiscal year					
GS-5	25.4	24.1	24.75	25.1	29.8	29.7	29.5	29.4	29.2
GS-7	31.5	31.4	31.45	31.9	37.9	37.7	37.5	37.3	37.2
GS-9	50.4	45.3	47.85	48.6	57.7	57.4	57.1	56.8	56.5
GS-11	62.7	54.2	58.45	59.3	70.5	70.1	69.8	69.4	69.1
GS-12	68.3	67.1	67.7	68.7	81.6	81.2	80.8	80.4	80.0
GS-13	81	79.4	80.2	81.4	96.7	96.2	95.7	95.2	94.8
GS-14	91.5	89.8	90.65	92.0	109.3	108.7	108.2	107.6	107.1
GS-15	103.1	99.3	101.2	102.7	122.0	121.4	120.8	120.2	119.6
Patent Cooperation Treaty (PCT):									
PCT Chapter I PUs redirected (paralegal)									
Chap I reduction 25%-07 50%-08 75%-09/11									
Chap II reduction 25%-08 50%-09/11									
Total PCT PU savings		913	1,250	3,255	8,020	13,342	14,202	15,114	
Examiner PCT PUs		14,234	14,806	13,764	10,020	5,781	6,068	6,372	
Examiner FTE		158	165	153	112	64	68	71	
Competitive Sourcing:									
PGPub FTE redirected to examination		0	35	37	39	42	44	47	
Overtime:		86	85	85	85	85	85	85	
Overtime hours per examiner FTE									
Examiner FTE lost/taken out of the examining corps:									
Part-time		44	44	44	44	44	44	44	
Quality initiatives		12	5	5	6	17	28	34	
New Hire trainers		5	15	15	15	15	15	15	
CLE Training		8	29	34	38	43	48	53	
Exmr Tech Trng 8 hrs >=GS12		7	6	6	6	7	10	12	
Allowance Rate		58.7%	60.0%	63.0%	63.0%	63.0%	63.0%	63.0%	

December 13, 2005

PATENTS PERFORMANCE MEASURE	FY 2005 Target	FY 2005 Results	FY 2005 Target vs Results Variance	FY 2006 Target
QUALITY				
End process reviews – Allowance Error rate	4.0%	Overall: 4.6%(±0.5%) 10/1/04 – 6/12/05: 5.2% 6/13/05 – 9/30/05: 4.0%	-15.0%	4.0%
In-Process Reviews (IPR) – Compliance Rate	84.0%	86.0%	+2.4%	86.0%
E-GOV				
Patent Applications Managed Electronically	90.0%	96.7%	+7.4%	99.0%
Patent Applications Filed Electronically	4.0%	2.2%	- 45.0%	10.0%
PENDENCY				
Average First Action Pendency from date of filing to mailing first Office action in months	21.3	21.1	+0.9%	22.0
Average Total Pendency from date of filing to issuance or abandonment	31.0	29.1	+6.1%	31.3
EFFICIENCY				
Average cost of a Patent disposal: calculated by dividing total USPTO expenses associated with examination and processing of patents (including associated overhead and support expenses) by outputs (production units)	\$4,122	\$3,877	+5.9%	\$4,279* * being revaluated
PATENT APPLICATION FILINGS				
Utility, Plant, Reissue (UPR) application filings	375,100	384,228 (Final)	+2.4%	414,700
UPR increase from the prior year/increase above FY plan		8.1% over FY '04		8.0%
Design application filings	25,111	25,304	+0.8%	26,900
Design increase from the prior year/increase above FY plan		7.1% over FY '04		6.3%
EXAMINER PRODUCTION				
Production Units (UPR)	296,500	288,310	-2.8%	311,900
PATENT EXAMINING STAFF				
Patent Examiner Hires (UPR)	860	959	+11.5%	1,000
Design	20	19	-5%	20

SUMMARY FY 2005 ACTUAL DATA
 ##### 07CONG.P12

YEAR	2005	2006	2007	2008	2009	2010	2011
EOY STAFF	4,177	4,150	4,150	4,150	4,150	4,150	4,150
PROF W-Y	3,804	3,918	3,914	3,907	3,888	3,858	3,831
# HIRED	959	414	374	332	290	290	290
# ATTRITED	425	414	374	332	290	290	290
Net Positions	534	0	0	0	0	0	0
OVERTIME(K)	12,225	14,917	15,215	15,506	15,755	15,962	16,183
OT HOURS	278,669	333,039	332,703	332,111	330,499	327,956	325,609
# BOY NEW	508,878	586,580	692,184	826,608	992,203	1,193,091	1,434,039
TOTAL D'TLS	13	20	20	20	20	20	20
AVG. GRADE	12.17	12.03	12.31	12.52	12.69	12.84	12.95
RECEIPTS	384,209	415,330	448,972	485,338	524,651	567,147	613,086
RECEIPTS TO BE EXAMINED	384,209	411,177	444,482	480,485	519,404	561,476	606,956
REG PROD	275,008	280,782	285,141	289,835	293,475	295,503	296,504
TOT PROD	288,315	296,686	301,029	305,695	309,258	311,164	312,053
DISPOSALS	279,345	287,800	292,000	296,500	300,000	301,800	302,700
FIRST ACTS	297,285	305,572	310,058	314,890	318,516	320,527	321,405
PEND FA	21.1	22.0	23.9	26.4	29.2	32.2	35.5
PEND IS/AB	29.1	31.3	32.0	33.9	36.4	39.2	42.2
# SPE'S	294	321	321	321	321	321	321
#PATS PRTD	152104	160,000	166,378	168,848	171,052	172,322	172,965

Examiner Hiring Levels Replacing attrition only
 85 Overtime hours/FTE

No Efficiency gains

No PCT Outsourcing

FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #1 BASE Assumptions
 Adjusted for Complexity Factor
 PGPub Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

07CONG.P12 Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011		
Receipts:									
UPR Filings growth @	384,209	415,330	448,972	485,338	524,651	567,147	613,086		
Growth Rates		8.1%	8.1%	8.1%	8.1%	8.1%	8.1%		
Less 5% for discontinued continuation		0	0	0	0	0	0		
UPR Filings		0	0	0	0	0	0		
Less Abandonment Rate 1% during initial		4,153	4,490	4,853	5,247	5,671	6,131		
UPR Filings TO BE Examined		411,177	444,482	480,485	519,404	561,476	606,956		
Examiner Hires:	959	414	374	332	290	290	290		
Attrition rate:	10%	10%	9%	8%	7%	7%	7%		
Production Rates:									
Total complexity factor		-1.0%	-2.0%	-2.5%	-3.0%	-3.5%	-4.0%		
Efficiency Gains		0.0	0.0	0.0	0.0000	0.0000	0.0000		
	FY 04	FY 05	2-YR Avg						
	Actual	Actual	of Actual	Production Units per examiner per grade per fiscal year					
GS-5	25.4	24.1	24.75	24.5	24.3	24.1	24.0	23.9	23.8
GS-7	31.5	31.4	31.45	31.1	30.8	30.7	30.5	30.4	30.2
GS-9	50.4	45.3	47.85	47.4	46.9	46.7	46.4	46.2	46.0
GS-11	62.7	54.2	58.45	57.9	57.3	57.0	56.7	56.4	56.1
GS-12	68.3	67.1	67.7	67.0	66.4	66.0	65.7	65.4	65.0
GS-13	81	79.4	80.2	79.4	78.6	78.2	77.8	77.4	77.0
GS-14	91.5	89.8	90.65	89.7	88.8	88.4	88.0	87.5	87.1
GS-15	103.1	99.3	101.2	100.2	99.2	98.7	98.2	97.7	97.2
Patent Cooperation Treaty (PCT):									
PCT Chapter I PUs redirected (paralegal)									
Chap I reduction 25%-07 50%-08 75%-09/11									
Chap II reduction 25%-08 50%-09/11									
Total PCT PU savings		913	1,250	1,250	1,250	1,250	1,250	1,250	
Examiner PCT PUs		14,234	16,056	17,019	18,040	19,123	20,270	21,486	
Examiner FTE		158	179	190	201	213	226	239	
Competitive Sourcing:		0	35	37	39	42	44	47	
PGPub FTE redirected to examination									
Overtime:		86	85	85	85	85	85	85	
Overtime hours per examiner FTE									
Examiner FTE lost/taken out of the examining corps:									
Part-time		44	44	44	44	44	44	44	
Quality initiatives		12	5	5	6	17	28	34	
New Hire trainers		5	15	15	15	15	15	15	
CLE Training		8	29	34	38	43	48	53	
Exmr Tech Trng 8 hrs >=GS12		7	6	6	6	7	10	12	
Allowance Rate		58.7%	60.0%	63.0%	63.0%	63.0%	63.0%	63.0%	

SUMMARY	FY 2005	ACTUAL DATA						
#####	07CONG.P9	06 Pres						
		Budget						
YEAR	2005	2006	2006	2007	2008	2009	2010	2011
EOY STAFF	4,177	4,723	4,705	5,235	5,710	6,251	6,757	7,232
PROF W-Y	3,804	4,149	4,200	4,749	5,292	5,853	6,356	6,831
# HIRED	959	900	1,000	1,000	1,000	1,000	1,000	1,000
# ATTRITED	425	337	427	430	436	418	455	488
Net Positions	534	563	573	570	564	582	545	512
OVERTIME(K)	12,225	20,000	18,227	21,559	20,959	23,669	26,247	28,805
OT HOURS	278,669	414,765	377,999	427,410	448,906	496,514	539,283	579,569
# BOY NEW	508,878	594,753	586,580	681,049	779,305	875,698	968,244	1,057,144
TOTAL D'TLS	13	25	28	29	20	20	20	20
AVG. GRADE	12.17	11.65	11.69	11.55	11.59	11.67	11.75	11.85
RECEIPTS	384,209	395,709	415,330	448,972	485,338	524,651	567,147	613,086
RECEIPTS TO								
BE EXAMINED	384,209	395,709	411,177	444,482	480,485	519,404	561,476	606,956
REG PROD	275,008	293,432	292,755	322,232	351,459	390,668	432,985	481,742
TOT PROD	288,315	314,454	311,913	343,894	372,896	414,379	458,738	509,419
DISPOSALS	279,345	292,536	307,234	338,736	361,700	401,900	444,900	494,100
FIRST ACTS	297,285	336,371	316,591	349,052	384,092	426,858	472,576	524,737
PEND FA	21.1	21.4	22.0	23.0	23.7	23.9	24.1	24.0
PEND IS/AB	29.1	31.3	31.3	32.0	33.0	33.7	33.9	34.1
# SPE'S	294	364	362	402	440	481	520	557
#PATS PRTD	152104	178,913	160,000	181,200	196,300	218,500	244,000	270,500

#2 added assumptions
 1,000 Examiner Hiring Levels
 Trainers for New Hires

Efficiency gain from Outsourcing the Search

FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #1 BASE Assumptions
 Adjusted for Complexity Factor
 PGPub Outsourced Savings FY 06/11
 PCT Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

07CONG.P9 Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011		
Receipts:									
UPR Filings growth @	384,209	415,330	448,972	485,338	524,651	567,147	613,086		
Growth Rate		8.1%	8.1%	8.1%	8.1%	8.1%	8.1%		
Less 5% for discontinued continuation		0	0	0	0	0	0		
UPR Filings		0	0	0	0	0	0		
Less Abandonment Rate 1% during initial		4,153	4,490	4,853	5,247	5,671	6,131		
UPR Filings TO BE Examined		411,177	444,482	480,485	519,404	561,476	606,956		
Examiner Hires:	959	1,000	1,000	1,000	1,000	1,000	1,000		
Attrition rate:	10%	10%	9%	8%	7%	7%	7%		
Production Rates:									
Total complexity factor		-1.0%	-2.0%	-2.5%	-3.0%	-3.5%	-4.0%		
Efficiency Gains		0.0	0.0	0.0	0.0031	0.0156	0.0281		
	FY 04	FY 05	2-YR Avg						
	Actual	Actual	of Actual	Production Units per examiner per grade per fiscal year					
GS-5	25.4	24.1	24.75	24.5	24.3	24.1	24.1	24.3	24.9
GS-7	31.5	31.4	31.45	31.1	30.8	30.7	30.6	30.9	31.6
GS-9	50.4	45.3	47.85	47.4	46.9	46.7	46.6	47.1	48.1
GS-11	62.7	54.2	58.45	57.9	57.3	57.0	56.9	57.5	58.8
GS-12	68.3	67.1	67.7	67.0	66.4	66.0	65.9	66.6	68.1
GS-13	81	79.4	80.2	79.4	78.6	78.2	78.1	78.9	80.7
GS-14	91.5	89.8	90.65	89.7	88.8	88.4	88.2	89.2	91.2
GS-15	103.1	99.3	101.2	100.2	99.2	98.7	98.5	99.5	101.8
Patent Cooperation Treaty (PCT):									
PCT Chapter I PUs redirected (paralegal)									
Chap I reduction 25%-07 50%-08 75%-09/11									
Chap II reduction 25%-08 50%-09/11									
Total PCT PU savings	913	1,250	3,255	8,020	13,342	14,202	15,114		
Examiner PCT PUs	14,234	14,806	13,764	10,020	5,781	6,068	6,372		
Examiner FTE	158	165	153	112	64	68	71		
Competitive Sourcing:	0	35	37	39	42	44	47		
PGPub FTE redirected to examination									
Overtime:	86	85	85	85	85	85	85		
Overtime hours per examiner FTE									
Examiner FTE lost/taken out of the examining corps:									
Part-time	44	44	44	44	44	44	44		
Quality initiatives	12	5	5	6	17	28	34		
New Hire trainers	5	15	15	15	15	15	15		
CLE Training	8	29	34	38	43	48	53		
Exmr Tech Trng 8 hrs >=GS12	7	6	6	6	7	10	12		
Allowance Rate	58.7%	60.0%	63.0%	63.0%	63.0%	63.0%	63.0%		

SUMMARY	FY 2005	ACTUAL DATA							
#####	07CONG.P10	06 Pres	Budget						
YEAR	2005	2006	2006	2007	2008	2009	2010	2011	
EOY STAFF	4,177	4,723	4,670	5,187	5,710	6,251	6,757	7,232	
PROF W-Y	3,804	4,149	4,212	4,737	5,292	5,853	6,356	6,831	
# HIRED	959	900	1,000	1,000	1,000	1,000	1,000	1,000	
# ATTRITED	425	337	442	443	436	418	455	488	
Net Positions	534	563	558	557	564	582	545	512	
OVERTIME(K)	12,225	20,000	16,006	18,379	20,959	23,669	26,247	28,805	
OT HOURS	278,669	414,765	357,350	401,896	448,906	496,514	539,283	579,569	
# BOY NEW	508,878	594,753	586,580	663,133	722,396	776,241	822,231	860,311	
TOTAL D'TLS	13	25	20	20	20	20	20	20	
AVG. GRADE	12.17	11.65	11.69	11.56	11.59	11.67	11.75	11.85	
RECEIPTS	384,209	395,709	415,330	448,972	485,338	524,651	567,147	613,086	
RECEIPTS TO									
BE EXAMINED	384,209	395,709	400,793	422,033	456,218	493,172	533,119	576,301	
REG PROD	275,008	293,432	297,755	333,043	369,300	410,430	454,866	506,263	
TOT PROD	288,315	314,454	314,820	352,235	390,737	434,141	480,619	533,940	
DISPOSALS	279,345	292,536	305,400	341,700	379,100	421,100	466,200	517,900	
FIRST ACTS	297,285	336,371	324,240	362,770	402,373	447,182	495,038	549,980	
PEND FA	21.1	21.4	21.4	22.1	22.0	21.5	20.9	20.0	
PEND IS/AB	29.1	31.3	31.3	31.4	32.1	32.0	31.5	30.9	
# SPE'S	294	364	359	399	440	481	520	557	
#PATS PRTD	152104	178,913	160,000	190,240	211,478	234,834	260,184	288,810	

#2 added assumptions
 1,000 Examiner Hiring Levels
 Trainers for New Hires

Efficiency gain from Outsourcing the Search

Claims reduction - 2.5% in FY 06 / 5% in FY 07/11
 Reduction in filings from Continuation Limitation 2.5% in FY 06 / 2.5% in FY 07 (5% Total)
 FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #1 BASE Assumptions
 Adjusted for Complexity Factor
 PGPub Outsourced Savings FY 06/11
 PCT Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

07CONG.P10 Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011		
Receipts:									
UPR Filings growth @	384,209	415,330	448,972	485,338	524,651	567,147	613,086		
Growth Rate		8.1%	8.1%	8.1%	8.1%	8.1%	8.1%		
Less 5% for discontinued continuation		10,383	22,449	24,267	26,233	28,357	30,654		
UPR Filings		404,947	426,523	461,071	498,418	538,790	582,432		
Less Abandonment Rate 1% during initial		4,153	4,490	4,853	5,247	5,671	6,131		
UPR Filings TO BE Examined		400,793	422,033	456,218	493,172	533,119	576,301		
Examiner Hires:	959	1,000	1,000	1,000	1,000	1,000	1,000		
Attrition rate:	10%	10%	9%	8%	7%	7%	7%		
Production Rates:									
Total complexity factor		-1.0%	-2.0%	-2.5%	-3.0%	-3.5%	-4.0%		
Efficiency Gains		2.500%	5.000%	5.000%	5.313%	6.563%	7.813%		
	FY 04	FY 05	2-YR Avg						
	Actual	Actual	of Actual	Production Units per examiner per grade per fiscal year					
GS-5	25.4	24.1	24.75	25.1	25.5	25.4	25.3	25.6	26.2
GS-7	31.5	31.4	31.45	31.9	32.4	32.2	32.2	32.5	33.2
GS-9	50.4	45.3	47.85	48.6	49.3	49.0	48.9	49.4	50.6
GS-11	62.7	54.2	58.45	59.3	60.2	59.9	59.8	60.4	61.8
GS-12	68.3	67.1	67.7	68.7	69.7	69.4	69.2	70.0	71.6
GS-13	81	79.4	80.2	81.4	82.6	82.2	82.0	82.9	84.8
GS-14	91.5	89.8	90.65	92.0	93.3	92.9	92.7	93.7	95.8
GS-15	103.1	99.3	101.2	102.7	104.2	103.7	103.5	104.6	107.0
Patent Cooperation Treaty (PCT):									
PCT Chapter I PUs redirected (paralegal)									
Chap I reduction 25%-07 50%-08 75%-09/11									
Chap II reduction 25%-08 50%-09/11									
Total PCT PU savings		913	1,250	3,255	8,020	13,342	14,202	15,114	
Examiner PCT PUs		14,234	14,806	13,764	10,020	5,781	6,068	6,372	
Examiner FTE		158	165	153	112	64	68	71	
Competitive Sourcing:	0	35	37	39	42	44	47		
PGPub FTE redirected to examination									
Overtime:	86	85	85	85	85	85	85		
Overtime hours per examiner FTE									
Examiner FTE lost/taken out of the examining corps:									
Part-time	44	44	44	44	44	44	44		
Quality initiatives	12	5	5	6	17	28	34		
New Hire trainers	5	15	15	15	15	15	15		
CLE Training	8	29	34	38	43	48	53		
Exmt Tech Trng 8 hrs >=GS12	7	6	6	6	7	10	12		
Allowance Rate	58.7%	60.0%	63.0%	63.0%	63.0%	63.0%	63.0%		

SUMMARY	FY 2005	ACTUAL DATA						
#####	07CONG.P11	06 Pres						
		Budget						
YEAR	2005	2006	2006	2007	2008	2009	2010	2011
EOY STAFF	4,177	4,723	4,670	5,187	5,710	6,251	6,757	7,232
PROF W-Y	3,804	4,149	4,212	4,737	5,292	5,853	6,356	6,831
# HIRED	959	900	1,000	1,000	1,000	1,000	1,000	1,000
# ATTRITED	425	337	442	443	436	418	455	488
Net Positions	534	563	558	557	564	582	545	512
OVERTIME(K)	12,225	20,000	16,006	18,379	20,959	23,669	26,247	28,805
OT HOURS	278,669	414,765	357,350	401,896	448,906	496,514	539,283	579,569
# BOY NEW	508,878	594,753	586,580	663,133	581,073	521,492	444,366	356,147
TOTAL D'TLS	13	25	20	20	20	20	20	20
AVG. GRADE	12.17	11.65	11.69	11.56	11.59	11.67	11.75	11.85
RECEIPTS	384,209	395,709	404,947	381,626	412,538	445,953	482,075	521,123
RECEIPTS TO								
BE EXAMINED	384,209	395,709	400,793	339,423	407,684	440,707	476,404	514,993
REG PROD	275,008	293,432	297,755	389,999	432,196	479,055	522,459	565,907
TOT PROD	288,315	314,454	314,820	409,191	453,633	502,766	548,212	593,584
DISPOSALS	279,345	292,536	305,400	396,900	440,000	487,700	531,800	575,800
FIRST ACTS	297,285	336,371	324,240	421,483	467,266	517,832	564,624	611,369
FA Monthly Output			27020	35124	38939	43153	47052	50947
PEND FA	21.1	21.4	21.4	20.1	16.8	14.6	11.2	8.0
PEND FA calculated by FA Output			24.5	16.5	13.4	10.3	7.6	5.1
PEND IS/AB	29.1	31.3	31.3	31.4	30.1	26.8	24.6	21.2
PEND IS/AB calculated by FA Output					26.5	23.4	20.3	17.6
# SPE'S	294	364	359	399	440	481	520	557
#PATS PRTD	152104	178,913	160,000	213,969	245,493	272,109	297,838	323,012

259,771

#2 added assumptions
 1,000 Examiner Hiring Levels
 Trainers for New Hires
 10% Dropout in FY 07
 Efficiency gain from Outsourcing the Search
 Patentability Reports 20% FY 07/11
 Claims reduction - 2.5% in FY 06 / 5% in FY 07/11
 Reduction in filings from Continuation Limitation 2.5% in FY 06 / 2.5% in FY 07 (5% Total)
 FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #1 BASE Assumptions
 Adjusted for Complexity Factor
 PGPub Outsourced Savings FY 06/11
 PCT Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

07CONG.P11 Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011
Receipts:							
UPR Filings growth @	384,209	415,330	448,972	485,338	524,651	567,147	613,086
Growth Rate	8.0%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
Less 15% for discontinued continuation		10,383	67,346	72,801	78,698	85,072	91,963
UPR Filings		404,947	381,626	412,538	445,953	482,075	521,123
Less Abandonment Rate 1% during initial		4,153	4,490	4,853	5,247	5,671	6,131
UPR Filings TO BE Examined		400,793	377,136	407,684	440,707	476,404	514,993
10% Dropout			339,423				
Examiner Hires:	959	1,000	1,000	1,000	1,000	1,000	1,000
Attrition rate:	10%	10%	9%	8%	7%	7%	7%

Production Rates:

Total complexity factor		-1.0%	-2.0%	-2.5%	-3.0%	-3.5%	-4.0%
Efficiency Gains		2.500%	20.000%	20.000%	20.000%	20.000%	20.000%

	FY 04 FY 05 2-YR Avg			Production Units per examiner per grade per fiscal year					
	Actual	Actual	of Actual						
GS-5	25.4	24.1	24.75	25.1	29.8	29.7	29.5	29.4	29.2
GS-7	31.5	31.4	31.45	31.9	37.9	37.7	37.5	37.3	37.2
GS-9	50.4	45.3	47.85	48.6	57.7	57.4	57.1	56.8	56.5
GS-11	62.7	54.2	58.45	59.3	70.5	70.1	69.8	69.4	69.1
GS-12	68.3	67.1	67.7	68.7	81.6	81.2	80.8	80.4	80.0
GS-13	81	79.4	80.2	81.4	96.7	96.2	95.7	95.2	94.8
GS-14	91.5	89.8	90.65	92.0	109.3	108.7	108.2	107.6	107.1
GS-15	103.1	99.3	101.2	102.7	122.0	121.4	120.8	120.2	119.6

Patent Cooperation Treaty (PCT):

PCT Chapter I PUs redirected (paralegal)									
Chap I reduction 25%-07 50%-08 75%-09/11									
Chap II reduction 25%-08 50%-09/11									
Total PCT PU savings		913	1,250	3,255	8,020	13,342	14,202	15,114	
Examiner PCT PUs	14,234	14,806	13,764	10,020	5,781	6,068	6,372		
Examiner FTE	158	165	153	112	64	68	71		

Competitive Sourcing:	0	35	37	39	42	44	47
PGPub FTE redirected to examination							
Overtime:	86	85	85	85	85	85	85
Overtime hours per examiner FTE							

Examiner FTE lost/taken out of the examining corps:

Part-time	44	44	44	44	44	44	44
Quality initiatives	12	5	5	6	17	28	34
New Hire trainers	5	15	15	15	15	15	15
CLE Training	8	29	34	38	43	48	53
Exmr Tech Trng 8 hrs >=GS12	7	6	6	6	7	10	12
Allowance Rate	58.7%	60.0%	63.0%	63.0%	63.0%	63.0%	63.0%

SUMMARY	FY 2004		ACTUAL DATA						
6/24/05 12:00 07OMB.P39Emod			06 Pres Budget						
YEAR	2004	2005	2006	2006	2007	2008	2009	2010	2011
EOY STAFF	3,681	4,091	4,723	4,631	5,166	5,708	6,265	6,786	7,274
PROF W-Y	3,550	3,649	4,149	4,121	4,676	5,259	5,859	6,393	6,899
# HIRED	443	860	900	1,000	1,000	1,000	1,000	1,000	1,000
# ATTRITED	336	414	337	418	423	417	400	439	475
Net Positions	107	446	563	582	577	583	600	561	525
OVERTIME(K)	13,373	14,360	20,000	17,885	21,225	24,965	29,100	31,755	34,265
OT HOURS	303,459	311,496	414,765	370,904	420,796	473,270	527,269	575,375	620,855
# BOY NEW	443,852	508,878	594,753	607,837	673,347	543,549	453,667	333,201	188,042
TOTAL D'TLS	12	25	25	28	29	31	32	32	32
AVG. GRADE	12.41	11.96	11.65	11.75	11.57	11.56	11.63	11.71	11.81
RECEIPTS	355,527	376,900	395,709	389,513	359,975	381,565	404,430	428,655	454,410
RECEIPTS TO BE EXAMINED	355,527	376,900	395,709	385,518	355,740	377,076	399,672	423,612	449,064
REG PROD	272,372	277,845	293,432	296,456	391,424	436,042	485,695	531,173	576,801
TOT PROD	287,752	296,535	314,454	315,254	412,751	460,029	512,419	560,335	608,268
DISPOSALS	287,188	295,456	292,536	310,500	406,600	453,100	504,700	551,900	599,100
FIRST ACTS	288,316	297,614	336,371	320,008	418,903	466,958	520,138	568,771	617,436
PEND FA <small>calculated by FA output</small>				22.5	15.6	11.7	7.7	4.0	0.4
PEND IS/AB				31.3	35.2	25.6	21.7	17.7	14.0
# SPE'S	278	315	364	356	398	439	482	522	559
#PATS PRTD	170,664	176,837	178,913	178,173	234,895	271,005	301,881	331,519	360,486

Plus #3 Added Assumptions
 Patentability Reports - 15% gain beginning in FY 07
 10% Drop out in FY 07 inventory
 10% reduction in filings from Patentability Reports
 No Outsourcing of the US Search
 Claims reduction - 2.5% in FY 06/2.5% in FY 07 (5% Total)
 5% reduction in filings from Continuation Limitation

#2 added assumptions
 1,000 Examiner Hiring Levels
 Trainers for New Hires
 FY 06/11 Attrition rate 10%/9%/8%/7%/7%/7%

Plus #1 BASE Assumptions
 Adjusted for Complexity Creep
 PGPub Outsourced Savings FY 06/11
 PCT Outsourced Savings FY 06/11
 1% Application Abandonments from OIPE
 GS-12+ Tech Training

07OMB.P39Emod Patent Production Model assumptions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011
Receipts:							
UPR Filings grow @ 6%	376,900	399,500	423,500	448,900	475,800	504,300	534,600
Less 5% for discontinued continuation		2.5%	15.0%	15.0%	15.0%	15.0%	15.0%
UPR Filings		9,988	63,525	67,335	71,370	75,645	80,190
Less Abandonment Rate 1% during		3,995	4,235	4,489	4,758	5,043	5,346
UPR Filings TO BE Examined		385,518	355,740	377,076	399,672	423,612	449,064
10% Inventory Reduction			66,635				
Net Filings			289,105				
Examiner Hires:	860	1,000	1,000	1,000	1,000	1,000	1,000
Attrition rate:	11%	10%	9%	8%	7%	7%	7%
Production Rates:							
Total complexity creep		-2.0%	-3.0%	-3.5%	-4.0%	-4.5%	-5.0%
Efficiency Gains		0.025	0.200	0.200	0.200	0.200	0.200
	FY 04	Production Units per examiner per grade per fiscal year					
	Actual						
GS-5	25.4	25.5	30.3	30.2	30.0	29.9	29.7
GS-7	31.5	31.6	37.6	37.4	37.2	37.0	36.8
GS-9	50.4	50.6	60.1	59.8	59.5	59.2	59.0
GS-11	62.7	63.0	74.8	74.4	74.1	73.7	73.3
GS-12	68.3	68.6	81.5	81.1	80.7	80.3	79.9
GS-13	81	81.4	96.7	96.2	95.7	95.2	94.7
GS-14	91.5	91.9	109.2	108.6	108.1	107.6	107.0
GS-15	103.1	103.6	123.0	122.4	121.8	121.2	120.6
Patent Cooperation Treaty (PCT):							
PCT Chapter I PUs redirected (paralegal)							
Chap I reduction 25%-07 50%-08 75%-09/11							
Chap II reduction 25%-08 50%-09/11							
Total PCT PU savings		1,250	4,078	9,496	15,284	15,856	16,462
Examiner PCT PUs		18,423	16,236	11,496	6,428	6,619	6,821
Examiner FTE		201	177	126	70	72	75
Competitive Sourcing:							
PGPub FTE redirected to examination		35	37	39	42	44	47
Overtime:							
Overtime hours per examiner FTE		90	90	90	90	90	90
Examiner FTE lost/taken out of the examining corps:							
Part-time		55	55	55	55	55	55
Quality initiatives		39	42	48	50	57	57
New Hire trainers		30	30	30	30	30	30
CLE Training		20	21	22	23	24	25
Exmr Tech Trng 8 hrs >=GS12		10	13.7	14.4	16	17.6	19.1
Allowance Rate		60.0%	63.0%	63.0%	63.0%	63.0%	63.0%



UNITED STATES PATENT AND TRADEMARK OFFICE

GENERAL COUNSEL

NOV 25 2005

MEMORANDUM FOR: Thomas M. Sullivan
Chief Counsel for Advocacy
Small Business Administration

FROM: Bernard J. Knight, Jr. *BJK*
Deputy General Counsel for General Law

SUBJECT: Certification Under 605(b) of the
Regulatory Flexibility Act

The Deputy General Counsel for General Law of the United States Patent and Trademark Office certifies to the Chief Counsel for Advocacy of the Small Business Administration that this notice of proposed rule making, Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims (RIN 0651-AB93), will not have a significant economic impact on a substantial number of small entities. See 5 U.S.C. 605(b).

In Fiscal Year 2005, the Office received approximately 317,000 nonprovisional applications. Of those, about 62,870 (about 19,700 small entity) were continuing applications. In addition, the Office received about 52,750 (about 8,970 small entity) requests for continued examination. This notice proposes to require that: (1) any second or subsequent continuation or continuation-in-part application and any second or subsequent request for continued examination include a showing to the satisfaction of the Director as to why the amendment, argument, or evidence could not have been submitted prior to the close of prosecution after a single continuation or continuation-in-part application or request for continued examination; and (2) multiple applications that have the same effective filing date, overlapping disclosure, a common inventor, and a common assignee include either an explanation to the satisfaction of the Director of how the claims are patentably distinct, or a terminal disclaimer and explanation to the satisfaction of the Director of why patentably indistinct claims have been filed in multiple applications.

Continuing Applications: This notice proposes to require that any second or subsequent continuation or continuation-in-part application include a petition (with a \$400.00 petition fee) with a showing to the satisfaction of the Director as to why the amendment, argument, or evidence could not have been submitted prior to the close of prosecution in the prior-filed application.

This proposed rule change will not affect a substantial number of small entities. Of the 62,870 continuing applications filed in fiscal year 2005, about 44,500 (about 15,665 small entity) were designated as continuation or continuation-in-part applications, and about 11,790 (about 4,470 small entity) of these applications were a second or subsequent continuation or continuation-in-part application. Therefore, the proposed petition fee and showing requirement would impact relatively few applications (about 3.7 percent or 11,790 out of 317,000) and relatively few small entity applications (about 4.8 percent or 4,470 out of 93,000). It is also noted that this proposed change would not disproportionately impact small entity applicants. The primary impact of this change would be to require applicants to make a bona fide attempt to advance the application to final agency action by submitting any desired amendment, argument, or evidence prior to the close of prosecution after a single continuation or continuation-in-part application or single request for continued examination (except as permitted by § 1.116 or § 41.33)).

The notice does **not** propose any petition fee or showing requirement for a divisional application, but only requires that a divisional application be the result of a requirement of unity of invention under PCT Rule 13 or a requirement for restriction under 35 U.S.C. 121 in the prior-filed application. Thus, an applicant may obtain examination of claims to an invention in the prior-filed application because the Office did not impose a requirement of unity of invention under PCT Rule 13 or a requirement for restriction under 35 U.S.C. 121 in the prior-filed application, or the applicant may obtain examination of claims to an invention in a divisional application because the Office did impose a requirement of unity of invention under PCT Rule 13 or a requirement for restriction under 35 U.S.C. 121 in the prior-filed application. Of the 62,870 continuing applications filed in fiscal year 2005, about 18,370 (about 4,000 small entity) were designated as divisional applications.

Requests for Continued Examination: This notice proposes to require that any second or subsequent request for continued examination include a petition (with a \$400.00 petition fee) with a showing to the satisfaction of the Director as to why the amendment, argument, or evidence could not have been submitted prior to the close of prosecution.

This proposed rule change will not affect a substantial number of small entities. Of the 52,750 requests for continued examination filed in fiscal year 2005, about 9,925 (about 1,796 small entity) were a second or subsequent request for continued examination. Therefore, the proposed petition fee and showing requirement would impact relatively few applicants (about 3.1 percent or 9,925 out of 317,000) and relatively few small entity applicants (about 1.9 percent or 1,796 out of 93,000). It is also noted that this proposed change would not disproportionately impact small entity applicants. The primary impact of this change would be to require applicants to make a bona fide attempt to advance the application to final agency action by submitting any desired amendment, argument, or evidence prior to the close of prosecution after a single continuation application or single request for continued examination (except as permitted by § 1.116 or § 41.33)).

Patentably Indistinct Claims: Finally, this notice proposes that applicants (or assignees) who file multiple applications having the same effective filing date, overlapping disclosure, and a common inventor include either an explanation of how the claims are patentably distinct, or a terminal disclaimer and explanation of why there are patentably indistinct claims in multiple applications. An applicant who files multiple applications containing patentably indistinct claims must in any case submit the appropriate terminal disclaimers to avoid double patenting. See In re Berg, 140 F.3d 1428, 1434, 46 USPQ2d 1226, 1231 (Fed. Cir. 1998) (applicants who may file all of their claims in a single application, but instead chose to file such claims in multiple applications, are not entitled to two-way double patenting test).

This proposed rule change does not affect a substantial number of small entities. The Office received about 17,600 (about 3,850 small entity) terminal disclaimers in fiscal year 2004. Based upon the Office's experience with double patenting situations, most of these double patenting situations involved an application and a patent (rather than two applications) containing patentably indistinct claims. In addition, § 1.78(b) currently provides where two or more applications filed by the same applicant contain conflicting (i.e., patentably indistinct) claims, elimination of such claims from all but one application may be required in the absence of good and sufficient reason for their retention during pendency in more than one application). Therefore, the requirement for an explanation up front as to why there are two or more pending applications by the same applicant (or assignee) containing patentably indistinct claims when that is the case would impact relatively few applicants (about 5.7 percent or 17,600 out of 310,000) and relatively few small entity applicants (about 4.1 percent or 3,850 out of 93,000). It is also noted that this proposed change would not disproportionately impact small entity applicants. Moreover, there are no fees associated with this proposed rule change.

Average Claims for Applications Filed, Allowed and Issued During a Fiscal Year

Fiscal Year	Applications Filed *	Average Claims	Applications Allowed	Average Claims	Applications Issued	Average Claims
FY 1990	159,514	14.41	95,787	12.50	89,265	12.41
FY 1991	163,994	14.38	102,076	12.80	92,153	12.58
FY 1992	170,216	14.74	102,161	12.87	99,777	12.82
FY 1993	173,417	15.14	103,330	13.14	96,982	12.91
FY 1994	184,362	15.53	107,166	13.44	101,615	13.21
FY 1995	217,730	15.48	106,170	13.78	102,185	13.64
FY 1996	184,260	16.22	120,612	14.43	105,189	13.98
FY 1997	212,515	17.14	134,752	15.10	112,238	14.68
FY 1998	216,074	18.41	140,109	15.79	139,561	15.35
FY 1999	232,387	19.32	150,972	16.27	143,238	15.87
FY 2000	263,315	20.52	160,851	16.74	165,036	16.62
FY 2001	289,154	22.02	161,611	17.22	170,064	17.01
FY 2002	289,512	23.20	168,588	17.64	161,298	17.51
FY 2003	291,922	23.36	179,658	18.27	171,881	18.15
FY 2004	309,205	23.66	168,287	18.95	169,635	18.61
FY 2005	327,341	21.20	157,724	19.00	151,268	19.01
FY 2006	282,579	20.76	108,591	18.60	163,005	18.85

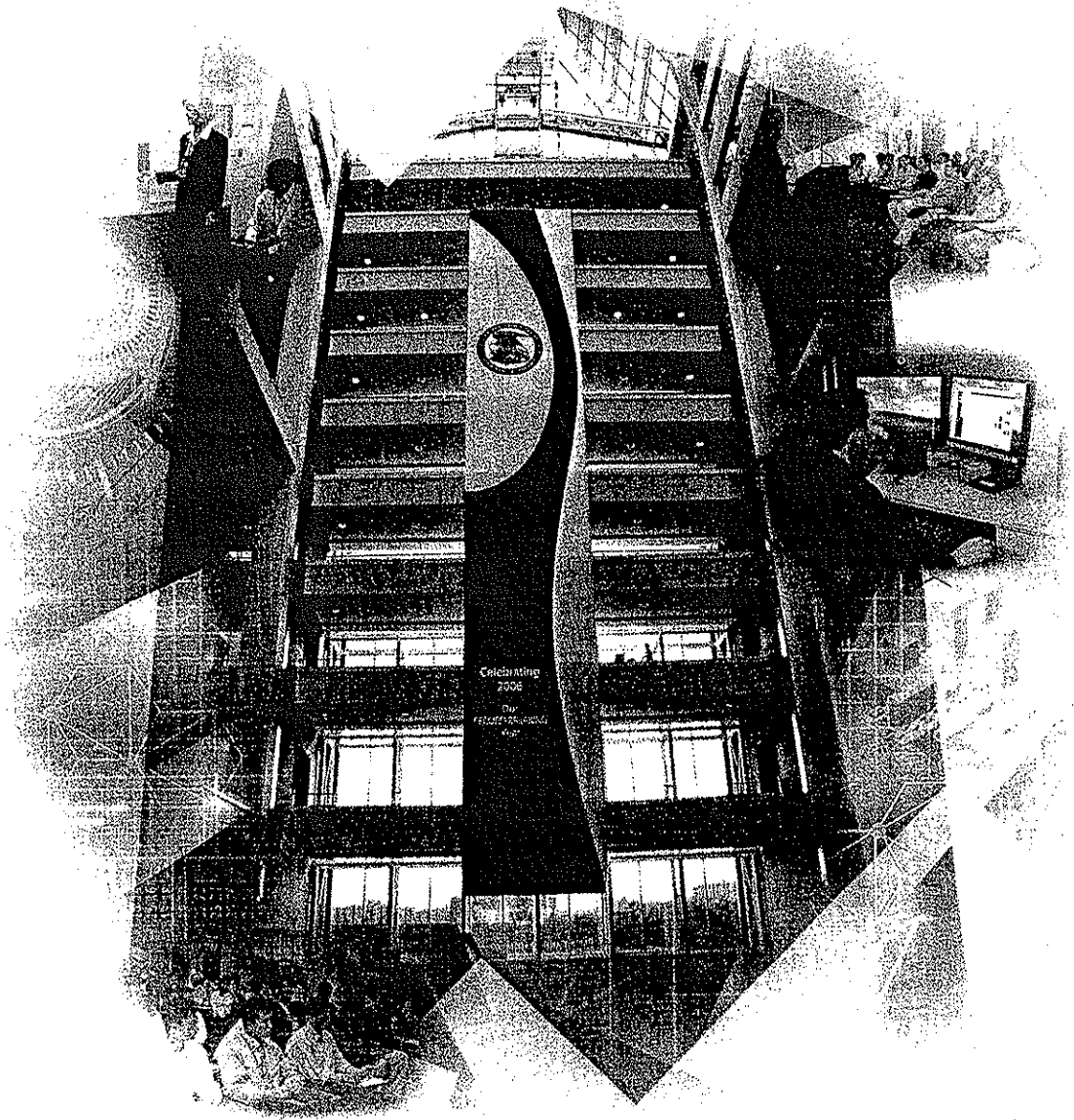
* Applications Filed = newly serialized filings that contain claim data.

FYs 1990 - 2004 updated June 1, 2006. FYs 2005 - 2006 updated September 28, 2006.



United States Patent and Trademark Office

PERFORMANCE AND ACCOUNTABILITY REPORT
FISCAL YEAR 2006



Our Record-Breaking Year |

TABLE 2

PATENT APPLICATIONS FILED
(FY 1986 - FY 2006)**(PRELIMINARY FOR FY 2006)¹**

Year	Utility	Design	Plant	Reissue	Total
1986	120,988	9,792	291	332	131,403
1987	125,677	10,766	364	366	137,173
1988	136,253	11,114	377	439	148,183
1989	150,418	11,975	418	495	163,306
1990	162,708	11,140	395	468	174,711
1991	166,765	10,368	414	536	178,083
1992	171,623	12,907	335	581	185,446
1993	173,619	13,546	362	572	188,099
1994	185,087	15,431	430	606	201,554
1995	220,141	15,375	516	647	236,679
1996	189,922	15,160	557	637	206,276
1997	219,486	16,272	680	607	237,045
1998	238,850	16,576	658	582	256,666
1999	259,618	17,227	759	664	278,268
2000	291,653	18,563	786	805	311,807
2001	324,211	18,636	914	956	344,717
2002	331,580	19,706	1,134	974	353,394
2003	331,729	21,966	785	938	355,418
2004	353,319	23,457	1,212	996	378,984
2005	381,797	25,304	1,288	1,143	409,532
2006	415,551	25,833	1,095	1,173	443,652

¹ FY 2006 data are preliminary and will be finalized in the FY 2007 PAR.

**CERTIFICATION ANALYSIS UNDER
THE REGULATORY FLEXIBILITY ACT**

**Changes to Practice for Continued Examination Filings,
Patent Applications Containing Patentably Indistinct Claims, and
Examination of Claims in Patent Applications**

**Prepared for:
United States Patent and Trademark Office**

**Prepared by:
ICF International**



June 29, 2007

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Abbreviations and Acronyms

AIPLA	American Intellectual Property Law Association
CFR	Code of Federal Regulations
ESD	Examination Support Document
FY	Fiscal Year
FR	Federal Register
NAICS	North American Industry Classification System
PALM	Patent Application Location and Monitoring
PCT	Patent Cooperation Treaty
RCE	Request for Continued Examination
SBA	Small Business Administration
SRR	Suggested Restriction Requirement
USC	United States Code
USPTO	United States Patent and Trademark Office

Executive Summary

The United States Patent and Trademark Office (USPTO) is revising the rules of practice in patent cases relating to continuing applications and requests for continued examination (together referred to as “continued examination filings”), and for the examination of claims in patent applications.

The final rule is intended to ensure that continued examination filings are used efficiently to move applications forward. In addition, the final rule requires applicants with a large number of claims to share the burden of examining the application by submitting an examination support document covering all of the claims in the application (whether in independent or dependent form). The USPTO expects that the changes to the rules of practice in this final rule will lead to more focused and efficient examination, improve the quality of issued patents, result in patents that issue faster, and give the public earlier notice of just what patentees claim and address the growing practice of filing (by a common applicant or assignee) of multiple applications containing patentably indistinct claims.

In response to comments addressing the proposed rules that were critical of the USPTO’s decision to certify the new rules as not having a significant economic impact on a substantial number of small entities, the USPTO has revised its certification analysis to more precisely estimate the final rule’s impact on small entities. In this report, the USPTO describes its revised methodology and the results of the certification analysis.

To evaluate significant impact, the study considers the ratio of Annualized Incremental Cost as a Percent of Revenue. Impacts are evaluated relative to two screening thresholds:

- Entities at or above a threshold value of three percent are presumed to face significant impacts unless additional analysis on these entities indicates this will not be the case.
- Entities at or above a threshold value of one percent are presumed to face more moderate impacts that qualify as significant if collectively incurred by a substantial number of small entities, as discussed below.

For purposes of analyzing this rulemaking, the smallest business is modeled as a sole proprietor who currently is capable of paying for or financing all necessary patent application costs and maintenance fees (under current rules) associated with an application of a type that would be affected by the final rule. This study assumes that the minimum annual revenue that would support an individual’s living expenses, as well as his/her patent application and maintenance costs, is \$75,000.

The analysis assumes that a “substantial number” of small entities exists if the number of entities impacted at a given impact threshold (e.g., three percent) constitutes more than 20 percent of all small entities that apply for patents.

This analysis estimates that the final rule will result in incremental costs that range from \$872 to \$13,993 per application (present value).¹ Based on the methodology and data described in this report, the resulting analysis indicates that no patent applicants will incur significant impacts (defined as annualized incremental costs in excess of three percent of revenue) due to the final rule. Although some applicants will exceed the lower screening threshold of one percent, the number of small entities in this category is estimated at only 54, or about 0.05 percent of all small entity applicants. Even using data for all applicants as a sensitivity analysis, only 157 small entity applicants fall into this category – about 0.04 percent of all applicants. These figures do not meet the criterion for a “substantial number” of small entities. Therefore, this analysis concludes that USPTO’s final rule will not result in significant economic impacts on a substantial number of small entities.

¹ Current patent filing and maintenance costs for applicants that would be affected by the final rule are estimated at between \$19,940 and \$49,155.

1. Need for and Objectives of the Rule

The United States Patent and Trademark Office (USPTO) is revising the rules of practice in patent cases relating to continuing applications and requests for continued examination (together referred to as “continued examination filings”), and for the examination of claims in patent applications. This section of the report provides background information and briefly discusses the need for and objectives of the rule. Following some initial background information in Section 1.1 regarding how the patent application process currently works, and in Section 1.2 regarding USPTO’s proposed rules and small entity certifications, Section 1.3 briefly describes the final rule revisions and the objectives they are designed to meet. These changes will allow the USPTO to conduct a better and more thorough and reliable examination of patent applications.

1.1 Background

To provide context for understanding the need for and objectives of the final rule, this section presents an overview of the current patent application review process. When an inventor wants to establish ownership of an invention by patenting it, s/he prepares and submits a patent application to the USPTO. One of the key elements of a patent application is the statement of “claims.” In the context of a patent or patent application, claims provide the legal description that bounds whatever the inventor is claiming as his or her invention. There are two types of claims: independent and dependent. An independent claim stands by itself as a description of the invention or an aspect of the invention. Dependent claims, in the simplest of terms, reference an independent claim and cannot stand on their own. In some cases, dependent claims may describe ancillary features, (e.g., “bells and whistles”) related to the more fundamental independent claims. In FY 2006, the number of independent claims in patent applications under review by the USPTO ranged from 1 to over 50, and the number of total claims ranged from 1 to over 350. According to USPTO staff, a typical patent application has 20 total claims, while an average patent application has approximately 21 total claims, including approximately 3 independent claims.

According to USPTO staff estimates, over 90 percent of patent applicants use a patent attorney to prepare and prosecute their patent applications. A typical patent application contains many elements, including specifications, claims, and drawings. Most applicants (55 percent) conduct a patent search and include a description of it in the application, although this is not a requirement and many applicants (45 percent) do not conduct a patent search.

The Application Process

Once an applicant submits his or her patent application, a USPTO patent examiner examines the application. Following the initial examination, the USPTO will take an “initial first action” on the application. If the patent examiner’s initial first action is a rejection, then the applicant may file a response to the USPTO’s initial first action. In

general, the applicant's response will modify the application in some respect, including by deleting claims (usually) or adding claims (occasionally). Following this response, the patent examiner will issue his or her final action on the patent application.

If the USPTO does not grant the patent in the final action, the patent applicant may pursue further prosecution of the rejected application. The process that the applicant pursues varies by case, and there is not a "typical" prosecution path through the patent approval system. However, for the purposes of this final rule, this analysis describes one of the application prosecution paths that would trigger the final rule's continued examination filing requirements, which are described in Section 1.3.

Following the USPTO's final action, an applicant may decide to file a continuation application. A continuation is considered a separate application relative to the initial application. However, everything that the inventor claims in the original application is once again claimed in the continuation application, and it should not include any new matter. (If the applicant wishes to add new subject matter, the applicant would instead file a continuation-in-part.) Similar to the initial application, the USPTO takes a first action on the continuation and the applicant will be able to respond to that first action if necessary by deleting or adding claims or making other modifications. Following the applicant's response, the USPTO issues its final action on the first continuation.

If the final action on the continuation is a rejection, the applicant may continue prosecution of his or her application by filing a second continuation application. As described for the first continuation, the USPTO issues a first action, and the patent applicant may submit a response to the first action on the second continuation. Following the applicant's response, the USPTO issues its final action on the second continuation.

The patent applicant may then decide to file a "request for continued examination" (or "RCE"). An RCE is not a separate application; instead it is a request for continued examination of an application (initial, continuation, or continuation-in-part), without requiring the applicant to file a continuing application. Although an RCE is not considered an application, the USPTO responds with a first action, and the applicant may respond to the first action. After this response, the USPTO issues its final action on the RCE.

If the final action on the RCE is a rejection, the applicant may continue prosecution of his or her application by filing a third continuation application, and so on. The baseline (i.e., current) application cost estimated in this study assumes that the USPTO grants the patent after the third continuation and after the applicant pays the USPTO's issue fee.²

Over the 20-year lifespan of the patent, the USPTO requires patent holders to pay three patent maintenance fees. These fees are due 3 ½, 7 ½, and 11 ½ years from the date of the original patent grant.

² Applicants that are issued patents earlier in the process would incur lower costs but would not be affected by the final rule's requirements for continued examination filings.

Patentably Indistinct Claims

USPTO's current rules of practice provide that "Where two or more applications filed by the same applicant contain conflicting claims, elimination of such claims from all but one application may be required in the absence of good and sufficient reason for their retention during pendency in more than one application." (See current Sec. 1.78(b).) Despite this existing rule, the USPTO still receives multiple applications with overlapping disclosures, a common inventor, and the same filing date.

Patent law prevents an inventor from obtaining two patents that cover the same invention or an obvious variation of the same invention. In cases where the patents cover identical inventions, the second patent is considered invalid. If there are obvious variations between the patents, the applicant may file a terminal disclaimer that states that the second patent to issue will expire on the same date as the first patent. This terminal disclaimer eliminates the possibility of an inventor gaining an improper extension of the patent period resulting from the second patent. To prevent double patenting, the patent examiners must closely inspect these applications and require applicants to either file a terminal disclaimer or combine applications that should have been filed as one application.

Need for the Rule

Although the filings affected by this rulemaking (including continued examination filings, applications with large numbers of claims, and applications with indistinct claims) are relatively few in number, they occupy a disproportionate portion of USPTO resources. Therefore, the USPTO spends a disproportional amount of its review time on relatively few applications, which takes away from the review time that the USPTO could otherwise commit to new initial applications. This situation is a significant cause of the backlog of unexamined applications before the USPTO and has created the need for the rule.

1.2 The Proposed Rule and Certification

The USPTO published two proposed rules in January 2006 (Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims, 71 *Federal Register* 48, January 3, 2006); and Changes to Practice for the Examination of Claims in Patent Applications, 71 *Federal Register* 61, January 3, 2006). Under the first proposed rule, which addressed continuing applications, RCEs, and patentably indistinct claims, the USPTO proposed to change the rules of practice to require that: (1) any second or subsequent continued examination filing (continuation or continuation-in-part application or request for continued examination) include a showing as to why the amendment, argument, or evidence could not have been submitted prior to the close of prosecution after a single continuation or continuation-in-part application or request for continued examination; and (2) multiple applications that have the same claimed filing or priority date, substantial overlapping disclosure, a common inventor, and a common assignee include either an explanation of

how the claims are patentably distinct, or a terminal disclaimer and explanation of why patentably indistinct claims have been filed in multiple applications.

Under the second proposed rule, which addressed the examination of claims, the USPTO proposed to revise application review practices as follows: (1) the USPTO would conduct an initial examination only of “representative claims,” which would have included all of the independent claims and only the dependent claims that the applicant expressly designated for initial examination; and (2) if the number of representative claims is greater than ten, the USPTO would require the applicant to share the burden of examining the application by submitting an examination support document (ESD) to provide certain information regarding all of the representative claims.

In each of the two published notices, the USPTO certified that an initial Regulatory Flexibility Act analysis was not required because the proposed changes would not have a significant economic impact on a substantial number of small entities. In response to this certification, the USPTO received a number of comments, which are discussed in Section 2.

1.3 Summary of the Final Rule

The final rule combines the two proposed rules described above. As a convenience, this analysis distinguishes between the final rule requirements that originated in the first proposed rulemaking (the “continued examination filing requirements”) and the final rule requirements that originated in the second proposed rulemaking (the “claims requirements”) because many applicants are not affected by both sets of requirements.

Continued Examination Filing Requirements

The USPTO is changing the continued examination practice because each continued examination filing, whether a continuing application or request for continued examination, requires the USPTO to delay taking up a new application and thus contributes to the backlog of unexamined applications before the USPTO. Further, the current practice allows an applicant to generate an unlimited string of continued examination filings from an initial application. In such a string of continued examination filings, the exchange between examiners and applicants becomes less beneficial and suffers from diminishing returns with each continued examination filing.³

Therefore, in the final rule, the USPTO revised the continued examination filing rules so that an applicant may file at most two continuing applications (or two continuation-in-part applications, or one continuation application and one continuation-in-part application) plus a request for continued examination in any one of the initial application or two continuation or continuation-in-part applications, without any showing (referred to as a “petition” in this analysis) as to why the amendment, argument, or evidence could

³ See *Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims*, 71 *Federal Register* 48, January 3, 2006.

not have been submitted prior to the close of prosecution after a single continuation or continuation-in-part application or request for continued examination. Any additional continuation application, continuation-in-part application, or request for continued examination, however, would have to be supported by a petition in order to be considered by the USPTO.

The final rule also eases the burden of examining multiple applications that have the same claimed filing or priority date, substantial overlapping disclosure, a common inventor, and common assignee by requiring that all patentably indistinct claims in such applications be submitted in a single application (absent good and sufficient reason).⁴

The current, unrestricted continued examination practice and the filing of multiple applications containing patentably indistinct claims are impairing the USPTO's ability to examine new applications, even without real certainty that these unrestricted practices effectively advance prosecution, improve patent quality, or serve the typical applicant or the public. The final rule is intended to ensure that continued examination filings are used efficiently to move applications forward. The USPTO expects that the changes to the rules of practice in this final rule will: (1) lead to more focused and efficient examination, improve the quality of issued patents, result in patents that issue faster, and give the public earlier notice of just what patentees claim; and (2) address the growing practice of filing (by a common applicant or assignee) of multiple applications containing patentably indistinct claims.

Claims Requirements

In response to the proposed claims rule, the USPTO received a substantial number of comments from the public opposing the "representative claims" examination approach and suggesting that the USPTO simply adopt a strategy based upon whether an application contains more than a given number of independent and total claims. In response to these public comments, the USPTO modified the final rule to make the presentation of more than five independent claims or more than twenty-five total claims (rather than the presentation of more than ten representative claims) the threshold for invoking the examination support document requirement.

The final rule provides that if the number of independent claims is greater than five, or the number of total claims is greater than twenty-five, the applicant must share the burden of examining the application by submitting an examination support document covering all of the claims in the application (whether in independent or dependent form).

The final rule will not require small entities, as defined in 13 CFR 121.802, to include in their ESDs one of the elements that would have been required under the proposed rule. Small entities will not need to identify, for each reference cited, all the limitations of each of the claims (whether independent or dependent) that are disclosed by the references. Large entities, however, will need to include this information in their ESDs.

⁴ The analysis estimates that there will be no incremental costs resulting from this requirement, as discussed in Section 4.

2. Significant Issues Raised by Public Comments

In response to the proposed rulemakings, the USPTO received 342 comments on the continuing application requirements, and 198 comments on the claims requirements. This section summarizes only the comments addressing the USPTO's certification of the proposed rules under the Regulatory Flexibility Act.

A number of comments generally asserted that the USPTO did not comply with the requirements of the Regulatory Flexibility Act in certifying that the changes in the proposed rulemakings will not have a significant economic impact on a substantial number of small entities. The comments stated that:

- (1) the definition of small entities used by the USPTO in its certification of the proposed rules is designed for the purpose of paying reduced patent fees and excludes any application from a small business that has assigned, granted, conveyed, or licensed any rights in the invention to an entity which would not qualify for small entity status;
- (2) the USPTO's certification did not adequately address the impact of the proposed rules on small entities, and the USPTO failed to provide a credible factual basis to justify its certification that the proposed rules would not have a significant economic impact on a substantial number of small entities in compliance with 5 U.S.C. 605(b);
- (3) the rule changes would have a significant economic impact on a substantial number of small entities seeking patents due to the additional costs associated with preparing an application, establishing the required showing under proposed § 1.78(d)(1)(iv) and § 1.114(f), and supplying an examination support document in compliance with proposed § 1.261, and would hinder the abilities of small entities to enhance their applications and protect their inventions;
- (4) the USPTO should prepare an initial Regulatory Flexibility Analysis and republish the proposed rules before issuing any final rule to enable the USPTO to closely examine the impact on the affected small entities, encourage small entities to comment on additional information provided by the analysis, identify viable regulatory alternatives to the proposed rules, and demonstrate the USPTO's compliance with the Regulatory Flexibility Act;
- (5) the USPTO did not describe any viable alternatives to the proposed rules to provide regulatory relief to small entities as required under 5 U.S.C. 603(c);
- (6) the rule changes would be invalid and vulnerable to challenges under 5 U.S.C. 611 if the USPTO fails to comply with the requirements of the Regulatory Flexibility Act;
- (7) the USPTO should exempt small entities from complying with the proposed rules to avoid further scrutiny under the Regulatory Flexibility Act; and

(8) in light of the fact that several large companies support the proposed changes it is questionable whether the rule changes are truly neutral towards small companies and that a bias in favor of large companies and against small entities could be in violation of the Regulatory Flexibility Act.

In response to the comments that were critical of the USPTO's decision to certify, the USPTO has established a business size standard for purposes of conducting analyses or making certifications under the Regulatory Flexibility Act for patent-related regulations (see *71 Federal Register 67109*, November 20, 2006). The USPTO also has revised its certification analysis to more precisely estimate the final rule's impact on small business entities. In this report, the USPTO describes its revised methodology and results of the certification analysis.

In addition, in response to public comments on the proposed rules, including those comments described above, the USPTO revised the continued examination filing requirements in the final rule. Under the proposed rule, the USPTO would have required applicants to file a petition with the second continuation, continuation-in-part, or RCE. The final rule allows two continuations and an RCE without a petition. This relaxation in rule language will reduce the number of affected small entities.

In addition, the USPTO changed the final rule requirements to exempt small businesses, as defined in 13 CFR 121.802, from one of the requirements in the ESD. Under the final rule, the USPTO will not require these small entities to identify, for each reference cited, all the limitations of each of the claims (whether independent or dependent) that are disclosed by the references. The USPTO considers this element of the ESD to be the most challenging for patent applicants. As a result, the costs associated with the final rule will be reduced considerably for small entities.

3. Description and Estimate of the Number of Affected Small Entities

To identify the small entities affected by the final rule, this analysis first considers, in Section 3.1, the industries affected by the rule. Section 3.2 then focuses on the definition of small entity that this analysis uses and also estimates the number of small entities affected by the final rule.

3.1 Industries Affected by the Rule

Patents are intended to spur research and innovation. Because research and innovation can occur in any industry, the universe of potential patent applicants includes all industries. Certain industries tend to account for relatively larger shares of patent filings over certain time periods, but the industries that comprise this group can shift over time. Moreover, the span of industrial fields that generate patent filings is quite broad, as suggested by the USPTO's organization of some of its patent filing review activities around the following seven broad "technology centers":

- Biotechnology and Organic fields
- Chemical and Materials Engineering fields
- Computer Architecture Software and Information Security
- Communications
- Semiconductors, Electrical and Optical Systems and Components
- Transportation, Electronic Commerce, Construction, Agriculture, Licensing and Review
- Mechanical Engineering, Manufacturing and Products

The USPTO does not collect or maintain statistical data on how many patents or patent filings fall within a given industry. This analysis assumes that patent applicants are spread across all industries and that all industries will be equally impacted by the rule.⁵

3.2 *Small Entities*

3.2.1 Definition of “Small Entity”

The Small Business Administration (SBA) small business size standards applicable to most analyses conducted to comply with the Regulatory Flexibility Act are set forth in 13 CFR 121.201. These regulations generally define small businesses as those with fewer than a maximum number of employees or less than a specified level of annual receipts for the entity’s industrial sector or North American Industry Classification System (NAICS) code.

The USPTO, however, recently adopted an alternate size standard as the size standard for the purpose of conducting an analysis or making a certification under the Regulatory Flexibility Act for patent-related regulations (see 71 *Federal Register* 67109, November 20, 2006 for a detailed discussion of the USPTO’s considerations in establishing this size standard).⁶ Unlike the SBA small business size standards set forth in 13 CFR 121.201, this size standard is not industry-specific. Specifically, the USPTO’s definition of small business concern for Regulatory Flexibility Act purposes is a business or other concern that: (1) meets the SBA’s definition of a “business concern or concern” set forth in 13 CFR 121.105; and (2) meets the size standards set forth in 13 CFR 121.802 for the purpose of paying reduced patent fees, namely an entity: (a) whose number of employees,

⁵ Although some industries may generate relatively more patent applications than others (as noted above), these industries are not more likely to face significant impacts because the applications are most likely to come either from large entities or from small entities that are able to attract investment capital. The analysis described in this report is not sensitive to this assumption.

⁶ This small business size standard previously was established for purposes of identifying the criteria entities must meet to pay reduced patent fees; patent applicants that choose to self-identify themselves on the patent application qualify for reduced patent fees. The USPTO captures this data in the Patent Application Location and Monitoring (PALM) database system, which tracks information on each patent application submitted to USPTO. Some patent applicants contend that applicants do not always self-identify as small entities even though they would qualify for reduced fees by doing so. Assuming this is true, then data from PALM would understate the number of small entity applicants. The analysis specifically considers this possibility, as detailed in Section 3.2.2.

including affiliates, does not exceed 500 persons; and (b) which has not assigned, granted, conveyed, or licensed (and is under no obligation to do so) any rights in the invention to any person who made it and could not be classified as an independent inventor, or to any concern which would not qualify as a non-profit organization or a small business concern under this definition.

3.2.2 Small Entities Affected by the Rule

This analysis estimates the number of small entities using two alternative sets of data taken from the USPTO's Patent Application Location and Monitoring (PALM)⁷ database system, which tracks information on each patent application submitted to USPTO:

- (1) Small Entity Data Set. The first data set consists of data for just those FY 2006 filings for which the applicant self-identified as a small entity for purposes of paying reduced patent fees. Some patent applicants, however, contend that applicants do not always self-identify as small entities even though they would qualify for reduced fees by doing so. To the extent that this is true, then this first data set will understate the number of small entity applicants.
- (2) All Entity Data Set. As a sensitivity analysis, the second data set considers data for all FY 2006 filings. The rationale for this data set is drawn from a report issued by the Small Business Administration stating that approximately 99.9 percent of businesses qualify as small entities using a size threshold of 500 employees (i.e., the same threshold that appears in the USPTO alternative definition of small entity).⁸ Therefore, the second data set considers data for all FY 2006 filings as an approximation of the 99.9 percent figure. This data set clearly is overly conservative (it implicitly assumes that large entities do not submit any patent filings) and is useful primarily as a bounding case.

Regardless of which data set is used, however, not all entities will be affected by the final rule or will incur impacts. Therefore, this study analyzes each data set to estimate the number of small entities affected by the final rule. Affected small entities fall into one of three categories: (1) filings affected by the claims requirements only; (2) filings affected by the continued examination filing requirements only; and (3) filings affected by both the claims and the continued examination filing requirements.

⁷ The number of applications included in this analysis account for only those applications with claims data reported in PALM. The USPTO receives some applications without knowing the number of claims in the application. As a result, the number of applications the USPTO received in FY 2006 may be higher than what is reported in this report.

⁸ Small Business Administration Office of Advocacy. *The Small Business Economy For Data Year 2005, A Report to the President*. U.S. Government Printing Office: Washington, DC. December 2006. See page 8.