



USPTO Announces Spending Cutbacks; Track I Prioritized Examination Delayed Indefinitely

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United States Patent and Trademark Office (USPTO) Director David J. Kappos sent an April 21 e-mail message to agency employees announcing spending cuts as a result of Congress's decision not to give the USPTO access to all the fees it collects this year (FY 2011). The most recent federal budget compromise (H.R. 1473, the Full-Year Continuing Appropriations Act, 2011) will force the USPTO to cut approximately \$100 million from USPTO collected fees and divert that money to other federal programs.

Thus, effective immediately, and likely beyond the end of FY 2011 (September 30, 2011), Director Kappos announced the following cost cutting measures have been implemented:

- ? The Track I prioritized patent examination program, scheduled to go into effect on May 4, 2011, is indefinitely postponed;
- ? All overtime is suspended until further notice;
- ? Hiring ? both for new positions and for backfills ? is frozen for the rest of the year unless an exemption is given by the Office of the Under Secretary;
- ? Funding for employee training is limited to mandatory training for the remainder of the year;
- ? Funding for Patent Cooperation Treaty (PCT) outsourcing is significantly reduced;
- ? The opening of the planned Nationwide Workforce satellite office in Detroit and any consideration of other satellite locations are postponed until further notice;
- ? Limited funding is available only for mission-critical IT infrastructure investments;
- ? Business units are required to reduce all other non-compensation related expenses, including travel, conferences and contracts.

These cuts will have a negative impact on the patent examination process. The USPTO is already faced with a backlog of pending patent applications. Each cut, particularly eliminating

overtime for patent examiners as well as the hiring freeze, will likely set back the agency's progress in reducing the patent application backlog. Furthermore, the Track I prioritized patent examination program has been indefinitely postponed, thus patent applicants no longer have a means to expedite the examination process. Members of the patent community have voiced strong objections to these cuts.

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