



## Fiscal Estimate Narratives

DATCP 2/3/2014

LRB Number	13-3864/1	Introduction Number	AB-0656	Estimate Type	Original
<b>Description</b> Notifications concerning the assertion of rights under a patent or pending patent and providing a penalty					

### Assumptions Used in Arriving at Fiscal Estimate

This bill would place certain restrictions on the ability of patent holders to enforce those patents. Under this bill, generally, when a patent holder notifies a "target" about a patent (or pending patent), the patent holder must provide specific information relating to the patent. Further, this bill would prohibit patent holders from using false, misleading, or deceptive information in their patent notifications.

DATCP anticipates that this proposal would necessitate allocating some employee time to patent notification inquiries and investigations. DATCP would rearrange existing priorities as necessary to perform this additional work.

DATCP estimates that the net annual cost of this proposed law would be about \$5,300 per year. We estimate that the gross annual cost would be about \$10,600, but some portion of this would be offset.

To arrive at the gross cost estimate of \$10,600, we assume one investigation per year, and that investigation would consist of a total of 255 employee hours at a weighted average hourly cost of \$41.61 per employee hour. The estimate for the number of employee hours is based on an assumption that any investigation under this proposed law would be somewhat complicated and resource intensive. DATCP would need to establish whether the factual allegations and analysis set forth by the patent holder [pursuant to s. 100.197 (2) (a) 5, stats., as created by this bill] contained any false, misleading or deceptive information [pursuant to s. 100.197 (2) (b), stats., as created by this bill]. The 255 hour estimate includes 200 hours for auditors / investigators, 40 hours for managers, and 15 hours for attorneys. The rate of \$41.61 per hour is an approximation based on the weighted average employee costs per hour for the employees likely to be assigned to patent notification cases. It includes salary & fringe, plus supplies & services expenses of \$7.36 per employee hour. For simplicity, this calculation is rounded to the nearest hundred.

To arrive at the net cost estimate of \$5,300, we consider DATCP's ability to recover investigative costs pursuant to s. 100.263, stats., which provides that, in addition to other remedies, courts may award reasonable costs of investigation. For purposes of this estimate, we assume that the probability of DATCP recovering investigative costs is about 50%. Therefore, we multiplied the estimated gross fiscal impact by 50% to arrive at a net estimated fiscal impact of \$5,300.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

<b>LRB Number</b> 13-3864/1	<b>Introduction Number</b> AB-0656	
<b>Description</b> Notifications concerning the assertion of rights under a patent or pending patent and providing a penalty		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<b>II. Annualized Costs:</b>		
	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$8,700	\$
(FTE Position Changes)		
State Operations - Other Costs	1,900	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$10,600</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR	10,600	
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned	5,300	
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$5,300</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$10,600	\$
NET CHANGE IN REVENUE	\$5,300	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
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