

of these items, tetracycline hydrochloride, has been procured from a foreign source. Another of these items has been obtained during 1970 from a domestic manufacturer because the bid by the foreign sources were not considered low after considering the Buy American Act provisions and related policies. The remaining three items were not procured from any source during 1970.

One factor in the small use of foreign sources is the Government's exposure to possible action under section 1498 of title 28, United States Code. This section provides that whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner, the owner's remedy shall be by action against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture.

Since our last report to you on this subject, dated July 12, 1967, in which we explained the background and purpose of section 1498 of title 28, there have been two suits against the Government by drug patent holders for infringement of their patents rights. One of these suits involving purchases of nitrofurantoin was settled by the parties for \$192,500 in September 1969 and the other one involving purchases of meproamate is still pending.

Federal inspection and testing programs

An an integral part of their drug procurement systems both the Veterans Administration and the Defense Personnel Support Center have established programs for assuring the capability of Government contractors to supply a drug product of acceptable quality. These programs vary somewhat in their approach but have a common objective.