contrary to the industry position. For example, recently the Department of Defense announced it would obtain contractual rights to examine suppliers' books during or after completion of contract performance to determine whether cost and pricing data submitted by the supplier were accurate. The Department of Defense was under considerable pressure from the General Accounting Office to do this. Industry, however, objected strongly to Department of Defense auditors checking their cost estimates after contract award. To make the change palatable to industry, the Department of Defense issued a letter in conjunction with the new policy, assuring contractors that it would not use its audit authority to evaluate how much profit the contractor would make or how much the equipment was costing to build.

A letter from the Department of Defense to the Army, Navy, and Air Force states:

> I wish to make it clear that the purpose of any post-award cost performance audit, as provided herein, is limited to the single purpose of determining whether or not defective cost or pricing data were submitted. Access to a contractor's records shall not for the purpose of evaluating profit-cost relationships, nor shall any repricing of such contracts be made because the realized profit was greater than was forecast, or because some contingency cited by the contractor in his submission failed to materialize—unless the audit reveals that the cost and pricing data certified by the contractor were, in fact, defective.

I simply don't understand why going through a man's books to find out if he is charging his costs to the Government legally is wrong. That is like vaccinating somebody but not being allowed to find out if the vaccination took.

Copies of this letter were distributed to contractors. In my opinion, this action essentially negated the intent of the policy and gave away a fundamental right the Government should have retained.

This brings me to another matter that has greatly concerned me for many years—the fact that in most cases the Government's patent policies result in a "giveaway" to industry of valuable rights to inventions and discoveries developed at Government expense.

Government Agencies Have a "Giveaway" Patent Policy

Most Federal agencies, including the Department of Defense, have adopted "giveaway" patent policies under which the Government normally retains only a nonexclusive royalty-free license for itself, granting title and principal rights to contractors even when the research that led to the patent was financed from the Public Treasury.

Industry itself seldom grants its own employees rights to patents they develop. Yet somehow industry has convinced many in the Government that it is unfair to deny Government contractors rights to inventions developed at Government expense. This is a classic refutation of Jonathan Swift's proverb, "What's sauce for a goose is sauce for a gander."

It amazes me that the industry viewpoint is so widely accepted in policymaking circles of the Government. Only two agencies—the Atomic Energy Commission and the National Aeronautics and Space Administration—are today required by law to follow a "title" policy in which the Government may retain title and principal rights to the patents. Largely because of cries of anguish from the defenders of the "giveaway" patent policy, there is no overall policy regarding rights to inventions resulting from the expenditure of public funds. Instead,