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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

RESOURCES AND ECONOMIC
DEVELOPMENT DIVISION



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AUG 13 1974

Mr. J.W. O'Meara
Director, Office of Saline Water
Department of the Interior

Dear Mr. O'Meara:

As you know, we have made a review of the Office of Saline Water's (OSW) efforts in developing desalting technology.

During our review, we sent inquiries to private companies, consultants, and research groups which were active in the field of desalting. In reply, many of the organizations, especially private companies, expressed concern with OSW's patent policy. Generally speaking, the respondents advised us that the patent policy of your Office required the relinquishing of independently acquired and owned background patent rights and discouraged industry's full and free participation in the desalting research and development work undertaken by the Federal Government.

This matter had also been the subject of concern to the Commission on Government Procurement. In a report dated December 1972, the Commission recognized that the contractor's desire to maintain the competitive value of background patent rights and the Government's desire to enhance its procurement ability were opposing considerations which led to problems. The Commission recommended the implementation of the revised Presidential Statement of Government Patent Policy. The Presidential statement provides criteria by which all Federal agencies should allocate patent rights between themselves and contractors. To implement this policy, the Commission recognized the necessity to repeal certain legislation which precludes many agencies from complying with the Presidential Policy. The Commission's report presented draft legislation which provided for implementation of a uniform Government-wide patent policy.

Subsequent discussions with representatives of your Office and industry disclosed that considerable efforts have been made by OSW to clarify your position on the patent policy.

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Also, in a letter dated June 24, 1974, to the Acting Director for Procurement Management, General Services Administration, the Department of the Interior endorsed the recommendation of the Commission on the implementation of the revised Presidential Statement of Government Patent Policy. We believe that this recommendation, if implemented, should help alleviate the patent problem brought to our attention by the organizations contacted during our review. We do not plan any further reporting on the results of our work at this time. We appreciate the courtesies and cooperation extended to our representatives during our review.

Sincerely yours,

HAROLD PICHNEY

Harold Pichney
Assistant Director

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