

DOD Proposes Amending DFARS to Cover Trademarks and Similar Designations

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WHAT: The U.S. Department of Defense (DOD) is proposing to amend the Defense Federal Acquisition Regulation Supplement (DFARS) to provide coverage for trademarks and similar designations. According to the DOD, the proposed rule will “allow the parties to identify possibly conflicting claims to designations before award” and “encourage the early and efficient resolution of potential disputes over ownership and use of designations.”

The proposed rule will add a new subpart in DFARS part 227, *Patents, Data, and Copyrights: “Contractor Use of Government Designations.”* The subpart defines the term “Government designation” to encompass “the larger set of trademarks and designations of potential concern to DOD,” which is contrasted with its definition of “contract-specific designations,” which are “designations and names of particular concern for specific contracts” that the contracting officer includes in each solicitation.

The proposed rule will also add a new provision, *“Identification of Asserted Marks,”* which “requires offerors both to include an asserted-marks list in their offers and to update the asserted-marks list prior to contract award.” “Asserted marks” are defined as trademarks, service marks, collective marks, certification marks, or other marks that the contractor claims to own or contract. These may include corporate names, logos, acronyms, slogans, insignia, seals, emblems, domain names, website addresses, and hashtags. This expansive list should be updated as necessary any time before contract award. The list can only be updated post-award based on new information or inadvertent omission and with mutual agreement of the parties.

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Practice Areas

Government Contracts
Intellectual Property

WHEN: Comments on the proposed rule should be submitted in writing on or before April 15, 2024. Interested stakeholders can also attend and present their views at a virtual public meeting to be held on March 22, 2024, from 1:00 p.m. – 5:00 p.m. EDT. Registration for the meeting closes on March 15, 2024.

WHO: The proposed rule will apply to both large and small businesses responding to solicitations and receiving contracts at or below the Simplified Acquisition Threshold, for commercial products (including Commercially Available Off-the-Shelf items), and for commercial services.

WHAT DOES IT MEAN FOR INDUSTRY: The proposed rule addresses a gap in procurement law as the DFARS does not currently address contractors' ownership of trademarks and similar marks. Yet, the stated goal of the proposed rule – "to create a transparency mechanism for each party to identify designations, marks, or trademarks that may overlap prior to contract award" – may not be fully achieved by the proposed rule.

First, in submitting its asserted-marks list, the contractor is not guaranteed any protections over those marks. The provision lacks teeth as the asserted-marks list essentially puts the government on *notice* of the marks the contractor asserts it owns or exerts control over but **does not obligate** the government to agree to the contractors' assertion of those rights. It is, therefore, possible that the government could ignore the contractors' assertion of rights, even if they are properly included in the asserted-marks list incorporated into the contract. Moreover, the contractor loses **all ability** to enforce its rights in any contract-specific designation if the designation is not included on its asserted-marks list. These impacts are similar to those contractors face when submitting a data rights assertion list.

Additionally, the proposed rule prohibits contractors from developing or acquiring any right, title, or interest independent of the government in any contract-specific designation. Essentially, under the proposed rule, the contractor is prohibited from taking **any steps** in furtherance of its asserted rights for contract-specific designations that run contrary to the government's interests. Specifically, the contractor forfeits its rights to:

- Challenge any mark or assert any claim against the government based on rights the contractor asserts it has in any contract-specific designation;
- Assert any ownership rights in or challenge or seek to cancel the government's rights in any contract-specific designation;
- Seek royalties from the government (or its other contractors) for use of any contract-specific designation;
- Register domain names or other forms of any contract-specific designation;
- Use any contract-specific designation in any manner unconnected with the contract, including marketing or outreach, unless expressly permitted by the contracting officer;
- Use or alter a contract-specific designation in any manner that disparages the government; and
- Extend its authorization to use any contract-specific designations to any third parties other than subcontractors performing under the contract.

The proposed rule also mandates the contractor must inform the government if it becomes aware of unauthorized use or infringement of contract-specific designations and cooperate with the government in its investigation and ensuing enforcement actions.

Interested parties are encouraged to submit comments on these topics and any other relevant issues relating to the DFARS's coverage of trademarks and similar designations. Comments should be submitted to the Federal eRulemaking Portal at www.regulations.gov, Docket: DFARS Case 2021-D002. Individuals planning to attend the virtual public meeting should email osd.dfars@mail.mil for access.