The Hidden Value of Trademarks: Why They Matter in Government Contracts

by Mike Martensen | Jun 10, 2015 | Trademarks and Service Marks

When a company or individual sets out to protect their intellectual property, their first move is usually to consider copyrights, patents or trade secrets. While each of these forms of intellectual property protection is important, and to form a comprehensive strategy they must work in concert with each other. Trademarks are another piece of the IP puzzle that are all too often ignored or underutilized especially when working with the Government as a customer. But obtaining a trademark for your product can be a crucial component of success in both the commercial sector and government contracting.

Whereas patents, copyrights and trade secrets deal with your competitors, trademarks deal with your customers. Trademarks are a form of direct consumer interaction, and can therefore be incredibly valuable.

A trademark is defined as any word, name, symbol, or design used in commerce to identify and distinguish the goods of one seller from those of another. In essence a trademark forms a link between the customer and the producer via a product. And trademarks are everywhere: from the golden arches of McDonalds, to the white checkmark of Nike, yes, even the apple of Apple.

Your trademark tells your customer exactly what they're getting - the quality of the product and the reputation of the company behind it. So a trademark can become the value association a customer has with your company. And it's up to you, as the producer, to protect and retain that value.

But what happens if the government is your customer? Do trademarks become irrelevant in government contracting? Quite the opposite.

Copyrights and patents are subject to volumes of regulations established in the FAR and various

supplements, but there are only a handful of references to trademark law with regard to the government. A fundamental distinction when dealing with the government as opposed to companies in the commercial sector is a concept called "authorization and consent." To briefly summarize, the government can (and typically does) provide contractors with authorization and consent to infringe copyright and patent rights of another in order to fulfill the needs of the government. A third party seeking to recover for the infringement of such rights by a contractor does not have a cause of action against the contractor but rather the U.S. Government. So, for government contractors, to enforce copyright and patent rights, the reality is you may have to sue your customer.

So while the government has a limited waiver of sovereign immunity regarding your patent, they have no such limit to a claim or authority over your trademark. In this way, the government functions essentially as its own commercial entity existing in the same market and subject to the same laws as every other competitor. So why is there a difference? The simple answer lies in the fundamentals of trademark law. Trademarks as associated with the "source" of a product and not the customer. The government is, in most cases, the customer, not the source of the product so they have no claim to a trademark associated with the product.

Just like another company cannot call your product by the same name, neither can the government or other contractors trying to secure a follow on contract. Similarly, the government has to procure its own trademarks. NASA is one such example of a trademark owned by the government. It is not uncommon for the government to develop a product similar or identical to a commercial product rather than buy the commercial version off the shelf. For example assume the government needs a word processing program. It can purchase a million copies of MS Word for, let's say $100/copy or develop its own program for $10 Million Dollars. If it chooses the later path can it call it "Word". The answer is no.

Let's take this one step further. Let's say Microsoft originally developed MS Word under a government contract. Let's assume that Microsoft asserts it rights to own any copyrights and patents associated with the product and provides the government with a very broad license. Microsoft supplies the government with a word processing program branded "Word". Later, the government seeks additional copies and solicits bids. A new competitor joins the competition and government, having broad rights to the copyrights and patents, states it can provide the technical data and code related to this word processing program. Can the government or these new companies refer to it as "Word"? The answer is no.

An additional benefit of trademarks is the relative ease with which one can protect them. If you believe your patent has been violated, you have to file suit in Washington D.C. in the U.S. Court of Claims and endure a notoriously lengthy, complicated process. On the other hand, if you believe your trademark has been violated, you can file a simple, straightforward infringement suit in any Federal District Court in which possesses personal jurisdiction. Of course, you never want to have to sue a customer, let alone the government, but it comes to that, it is far easier to protect trademarks than patents.

So trademarks are one of the simplest ways to safeguard your intellectual property and when dealing with the government or other government contractors they can provide a significant competitive advantage. Simply said they are one the most important ways a company can retain and protect product

value in the mind of their customers.

The team at Martensen IP can help you secure the right kind of trademark at the right time. Their attorneys specialize in government contracts and intellectual property, including trademarks. If you're considering trademarking your product, talk to us first. The initial consultation is free, and it could be the most important step you take in protecting your property.

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