

CLIENT ALERT

Court Enforces 50% Labor Value Rule

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Brushing aside the fact that the "Limitation on Subcontracting" clause was not checked in the solicitation and the agency's defense that it was up to the contractor to assure compliance with the 50% rule of that clause, the Court of Federal Claims in *Transatlantic Lines LLC v. U.S.* (Oct. 13, 2005) found the clause to be required as a matter of law in a small business set-aside procurement and that the CO had an obligation to determine whether the 50% requirement would be met. The court also found that the CO had failed to meet his obligation to determine whether the successful offeror complied with one of the technical requirements when there was ambiguity on that score.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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