



A great case for subcontractors on federal projects came out of the U. S. District Court for the Eastern District of Virginia last month.

The Court in [*U. S. ex rel Acoustical Concepts, Inc. v. Travelers Casualty and Surety Co. of America, et. al.*](#) held that, despite language in the General Contractor's contract allowing setoff for obligations based upon "any other contract or agreement," Miller Act claims are not subject to setoff based on non federal projects.

This is clearly good news for subcontractors on federal projects. The Eastern District ruling essentially states that the Miller Act and the standard Miller Act bond form trumps any private contractual language as it relates to *non-federal* projects. The Court did not go further and expand its ruling beyond non federal projects, but the *Acoustical Concepts* ruling adds another layer of protection on federal projects for subcontractors and suppliers that do not have the protection of mechanic's lien rights because of the nature of the project.

I'd love to hear from sureties, subcontractors and general contractors for their perspective on this ruling.

Please check out my [Construction Law Musings Blog](#) for more on bond claims and other topics.