

Anthropic Challenges DoW's Supply Chain Risk Designation

March 11, 2026

Written by **Gautam Y. Reddy** and **Gunjan R. Talati**

Anthropic Challenges DoW's Supply Chain Risk Designation

On March 9, Anthropic filed two lawsuits challenging the Department of War (DoW) designation of it as a supply chain risk. Anthropic filed the first lawsuit in the Northern District of California, challenging DoW's designation under 10 USC § 3252, which relates specifically to armed services procurement. This lawsuit seeks a temporary restraining order to maintain the status quo. Anthropic filed the second lawsuit in the U.S. Court of Appeals for the D.C. Circuit, challenging DoW's designation under the Federal Acquisition Supply Chain Security Act of 2018 (FASCSA). Appellate review in this court is the statutorily prescribed appeal process for a FASCSA designation.

What is a FASCSA Designation?

Under FASCSA, the government may prohibit contractors from providing or using high-risk information and communications technology or services by designating certain entities as “supply-chain risks.” FASCSA orders can be issued by the Director of National Intelligence, the Secretary of Defense, or the Secretary of Homeland Security. To provide context, the government's usage of FASCSA is exceedingly rare. In fact, before Anthropic, the government has only issued a FASCSA order once. This was in September 2025 against Acronis AG, a Swiss cybersecurity firm.

Limited Risk for Non-DoW Contractors

Both statutes that DoW is acting under relate specifically to armed services contracts. The first question to consider is whether your government contracts incorporate FAR 52.204-30, the FAR provision that implements FASCSA. If so, the next step is to determine if Anthropic is being used in the performance of those contracts.

Identify and Map Current Usage of Anthropic

Regardless of whether your current contracts fall within the scope of FASCSA, it is prudent to start mapping and tracking the usage of Anthropic. This is both to better assess the potential risk and to demonstrate compliance, if necessary, in the future. Going forward, the government may seek to employ additional methods to broaden the scope of its bar against Anthropic use by government contractors.

Potential Reporting Requirements

For contractors subject to FASCSA that use Anthropic, FAR 52.204-30(c) requires notice to the government when using a product or service covered by a FASCSA order. FAR 52.204-30(c) calls for a reasonable inquiry into the use of the covered product and then, within 3 business days of identifying that a covered product is being issued, notice to the government. Given the legal uncertainty of DoW's position and the pending Motion

for Stay by Anthropic, we recommend that affected contractors begin conducting a reasonable inquiry but refrain from immediately providing notice and instead monitor how this situation develops in the coming weeks.

Related People



Gautam Y. Reddy

t 404.815.6029

greddy@ktslaw.com



Gunjan R. Talati

t 404.815.6503

gtalati@ktslaw.com