

TRADEMARK LICENSING ANNUAL REPORT 2023



ABOUT US

The Air Force & Space Force Intellectual Property Management Office (AFPAA/AOL)

The Intellectual Property Management Office is a division within the Air Force Public Affairs Agency located at Joint Base San Antonio-Randolph, Texas. The office includes three sections: Branding, Band Support and Music Copyright Licensing (MCL), and Trademark Licensing (TML). On behalf of the Secretary of the Air Force, this office protects the IP rights of trademarks (logos) and music copyrights belonging to the Department of the Air Force (DAF). It also protects against DAF employees' infringement on the music copyrights of artists, songwriters, producers, and music labels.

TML MISSION

The Air Force and Space Force Trademark Licensing (TML) program is a section within the Intellectual Property (IP) Management Office at Joint Base San Antonio-Randolph. The civilian TML team works to create awareness of the Air Force and Space Force's trademark portfolio, promote public goodwill, and enhance the positive image of the Department of the Air Force (DAF) through various activities, including brand marketing, licensing, and promotion activities.

TML VISION

Be a self-sustaining and charitable program known for extensive brand management knowledge and exemplary customer service to internal and external clients.

TML OBJECTIVES

- Enhance the name, reputation, and public goodwill of the DAF by ensuring the brands are recognizable and used in a consistent, responsible, and lawful manner by both internal and external users.
- Manage the use of DAF marks to maintain the integrity of the Air Force and Space Force brands, which includes appropriate trademark licensing activities that associate the brands with affordable, quality products and are consistent with Air Force and Space Force standards.
- Generate licensing revenues to cover the operating costs for the program while also supporting the morale, welfare, and recreational activities of the nation's Airmen and Guardians.
- Support Air Force and Space Force recruiting and retention efforts.

WHO TML SUPPORTS

2.0M - With a \$2.5B Buying Power

Active Duty

320,421

Air National Guard

104,984

Air Force Reserve

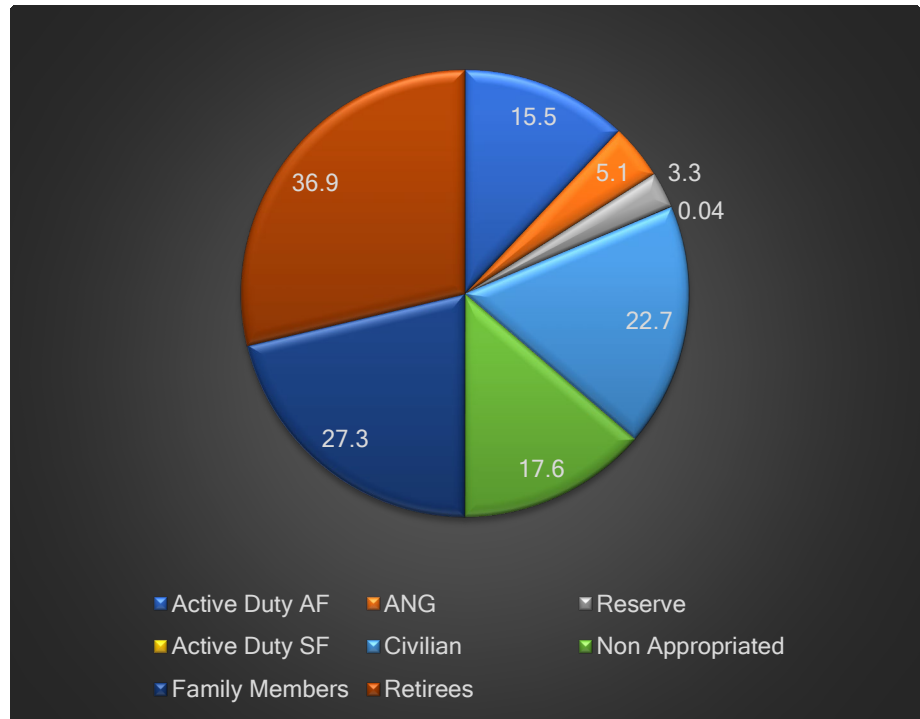
68,048

Space Force

8,000

Eligible Family Members

505,965



Civilian Employes (Appropriated & Non-Appropriated Funds (MWR))

192,029

Retirees

684,627

Airmen, Guardians, civilians, retirees and their families are the biggest consumer bloc for military-branded merchandise.

Source: <https://www.militaryonesource.mil/demographic-profiles>.

BRAND EXTENSION

The core product or service of the Air Force and Space Force is national defense. The distinctive logos and identifiers of the branches have global recognition and represent hope and security for those who are oppressed or in need.

Through trademark licensing, the TML staff vigorously and creatively extends these popular brands into complimentary merchandise categories to help build public trust, reinforce the core values of the Air Force and Space Force, and establish an international fan base for the world's premier Air Force and Space Force.

*A BRAND THAT CAPTURES YOUR
MIND GAINS BEHAVIORS. A BRAND
THAT CAPTURES YOUR HEART
GAINS COMMITMENT.*

*- SCOTT TALGO
BRAND STRATEGIST*

Note: Statistics cited in this report are derived from self-reported data provided by the 300+ active trademark licenses in the program's portfolio.

CORE VALUES

USAF (1947)

Integrity First
Service Before Self
Excellence In All We Do

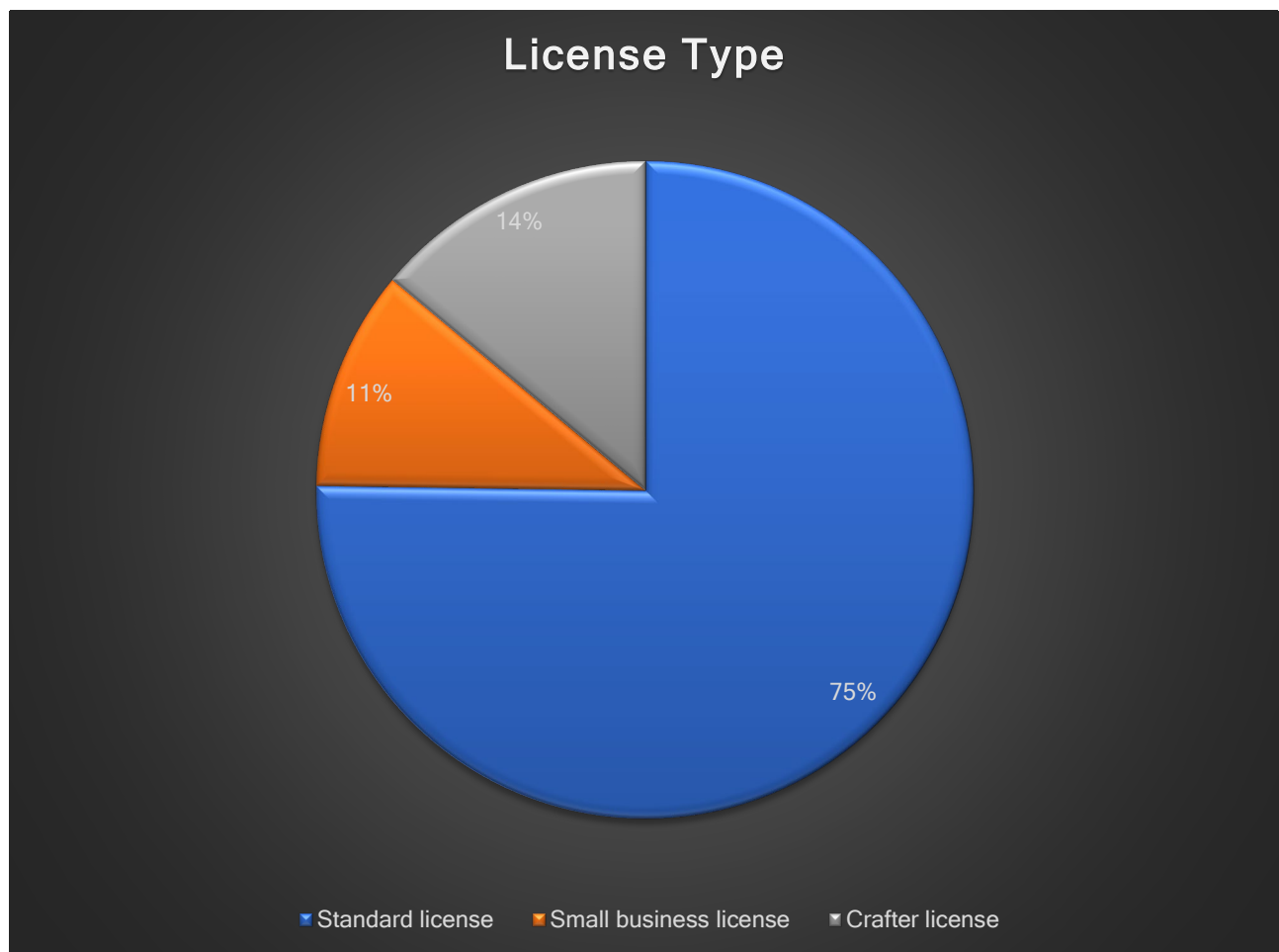
USSF (2019)

Character
Connection
Courage
Commitment

THE PORTFOLIO: License Category

The TML team issues legally binding licenses to qualified businesses based on self-reported data, the staff's internal research, interviews, and the needs of the DAF licensing portfolio. Businesses can range from at-home crafters with an employee base of one, to large corporations employing thousands around the globe.

On December 31, 2023, there were 323 domestic and overseas businesses authorized to manufacture or distribute merchandise with Air Force and/or Space Force trademarks, down from 339 reported at the end of 2022. The 2023 license portfolio was comprised of 243 standard licenses, 35 small business licenses, and 45 crafter licenses.

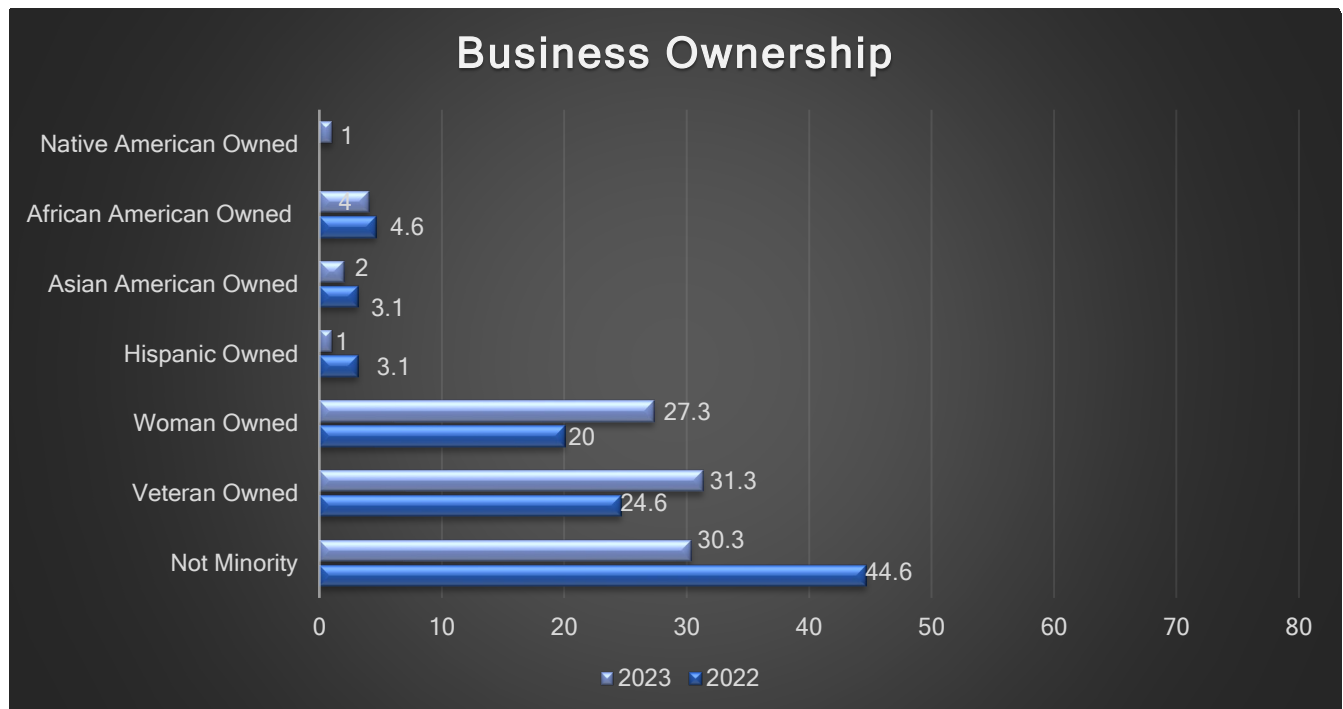


Source: <https://insights.directlicensinghub.com/dlh/hub/stream/>

THE PORTFOLIO: Ownership Category

The TML team believes in providing equal opportunity for qualified applicants, ensuring a fair and unbiased licensing process. Simultaneously, the staff recognizes the unique perspectives and innovative potential that diversity in business ownership can bring to the portfolio. By fostering an inclusive process, the licensing team seeks to drive success across all the DAF brands.

2023 closed with an increase in licensees that self-reported as Native American owned, woman owned, and/or veteran owned. Additionally, more than 27% of the businesses in 2023 were woman owned, an increase from 2022. This increase in diversity is due, in part, to the dedicated business development activities of the TML team. In 2023, they sought out and pitched to a Native American owned business and to an African American owned business that was identified in Society of Professional Licensors Committed to Excellence (SPLiCE) International as one of the top performers of African American-owned businesses.



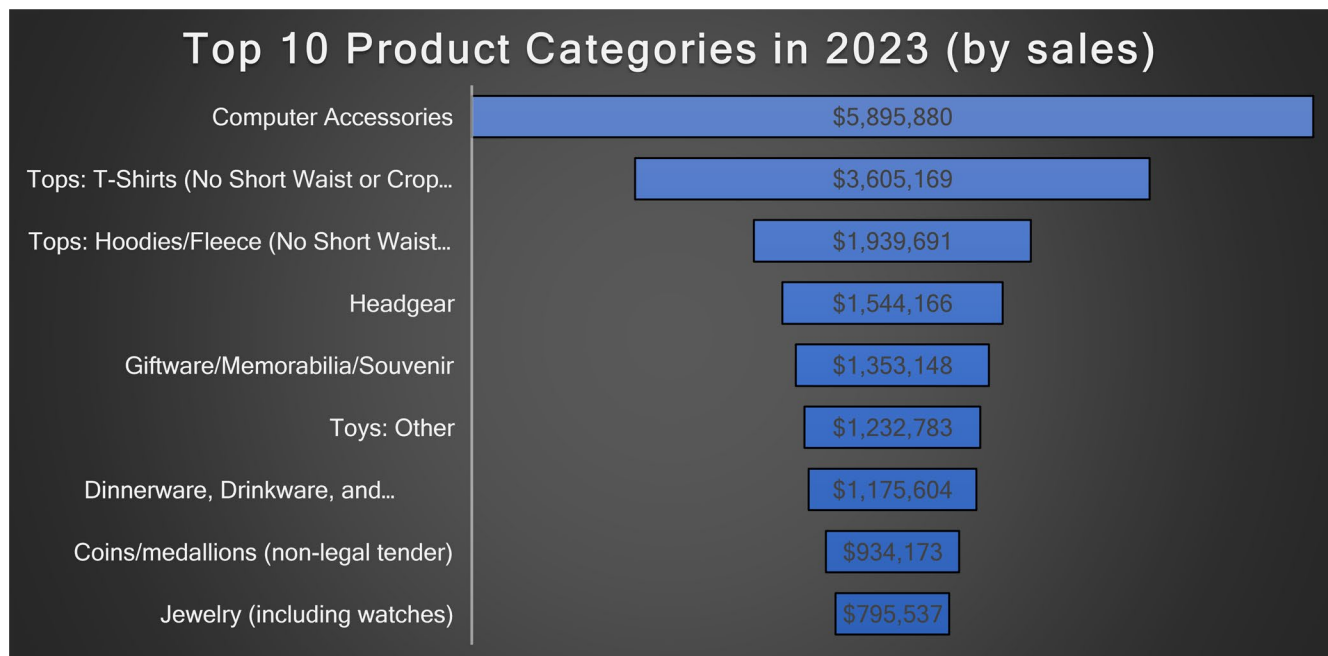
Source: <https://insights.directlicensinghub.com/dlh/hub/stream/>

* Ownership categories are self-reported and can include multiple statuses. A business could be woman owned and veteran owned. At the time of this report, the Direct Licensing Hub (DLH) only reflected one category selected. The business status is not independently verified by the TML staff.

THE PORTFOLIO: Product Category

A portfolio should be rich in product diversity to expand the brands' reach to the numerous communities that support the DAF's global missions and workforce. Through extension initiatives, the brands reach specific markets with fresh and innovative products specifically designed for local tastes and preferences, making the brands more appealing and relevant.

Within the 64 categories in the products portfolio, computer accessories and t-shirts continued to generate the greatest sales revenue in 2023. However, the year witnessed a shuffling of the third and fourth spots. In 2022, giftware/memorabilia and coins claimed the third and fourth positions, respectively. In 2023, hoodies/fleece and headgear climbed into those top spots.



Source: <https://insights.directlicensinghub.com/dlh/hub/stream/>

The TML team continues to explore business opportunities by attending trade shows, reviewing market research, and researching consumer trends. In 2023, they had a presence at events such as the AAFES General Managers' Meeting, the Sports Licensing and Tailgate Show, and the Licensing Expo. One of TML's new products was the corn hole game by Custom Tailgate, discovered while attending the Sports Licensing and Tailgate Show.

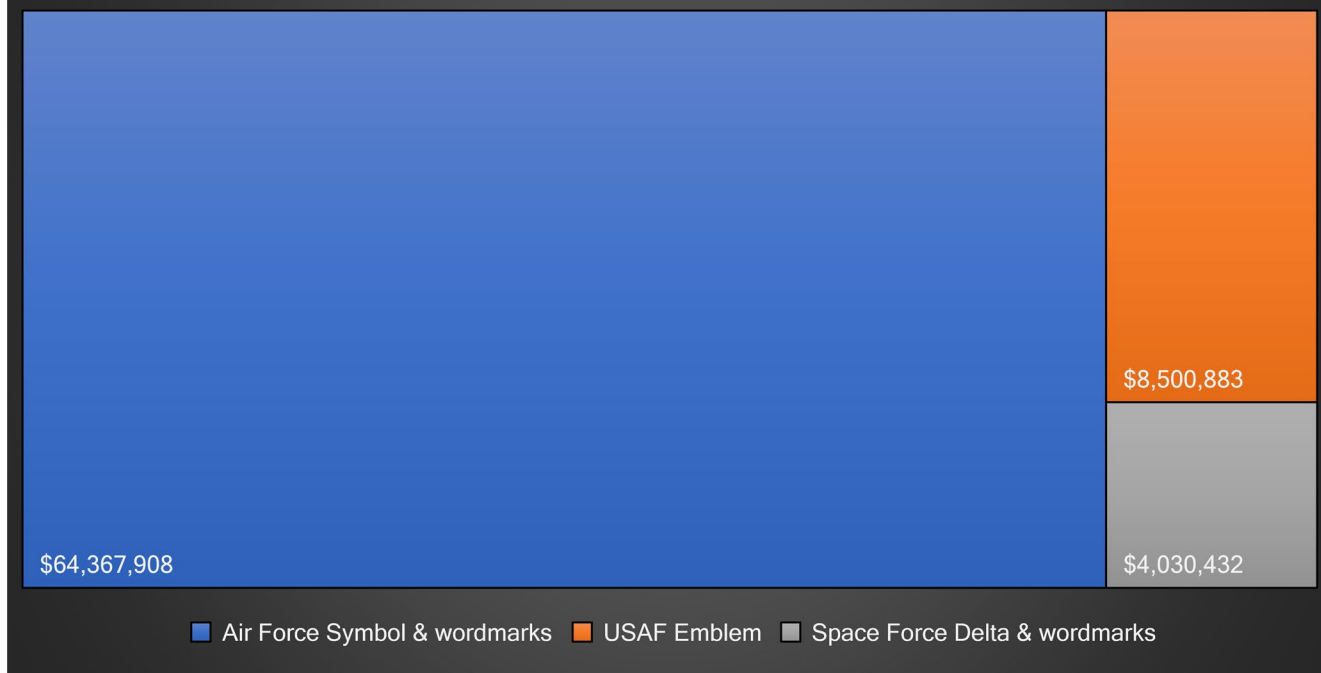
THE PORTFOLIO: Top Properties



SPACE FORCE ELEVATES TO NO. 3 IN 2023.

A notable shift occurred in the most profitable logos in 2023. The Air Force Symbol and the Air Force Emblem retained spots No. 1 and No. 2. However, the Space Force Delta ascended to the third place, inching out the Thunderbirds logo. This move showcases the continued growth, awareness, and increasing popularity of the U.S. Space Force.

Top 3 Trademarks in 2023 (by sales)

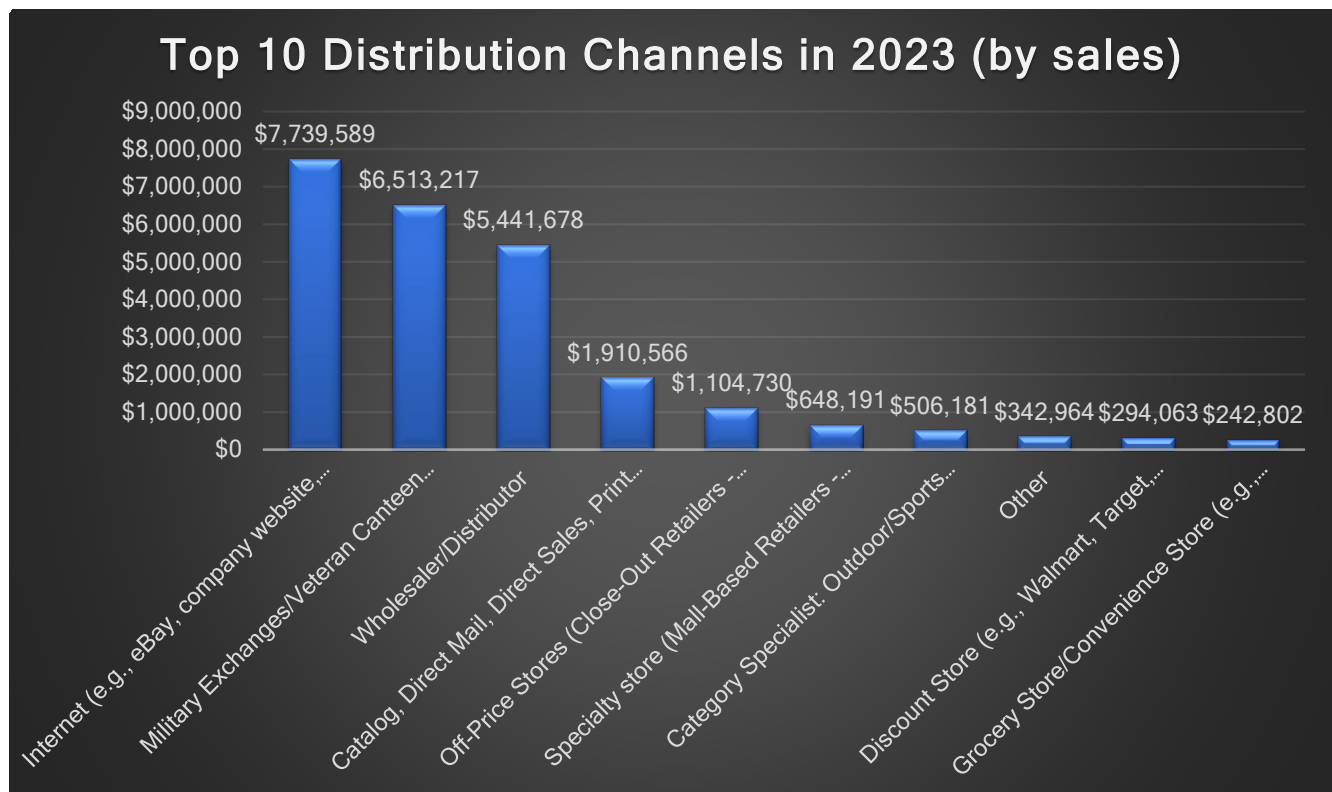


Source: <https://insights.directlicensinghub.com/dlh/hub/stream/>

THE PORTFOLIO: Distribution Channels

A distribution channel is the path merchandise takes on its journey to reach the customer. The most common distribution channels are wholesalers/distributors (Costco), retailers (Target), and the Internet, with continued post-pandemic growth in direct-to-consumer. Primary channels can be broken down into multiple subcategories.

In 2023 the highest grossing distribution channel for licensed DAF-branded merchandise remained the Internet. This has continued to be a strong area as brick-and-mortar locations struggle to stay open or are reimagining their locations into branded license experiences. Military Exchanges (retail) continue to be the second main distribution channel. Wholesalers/distributors follows close behind.



Source: <https://insights.directlicensinghub.com/dlh/hub/stream/>

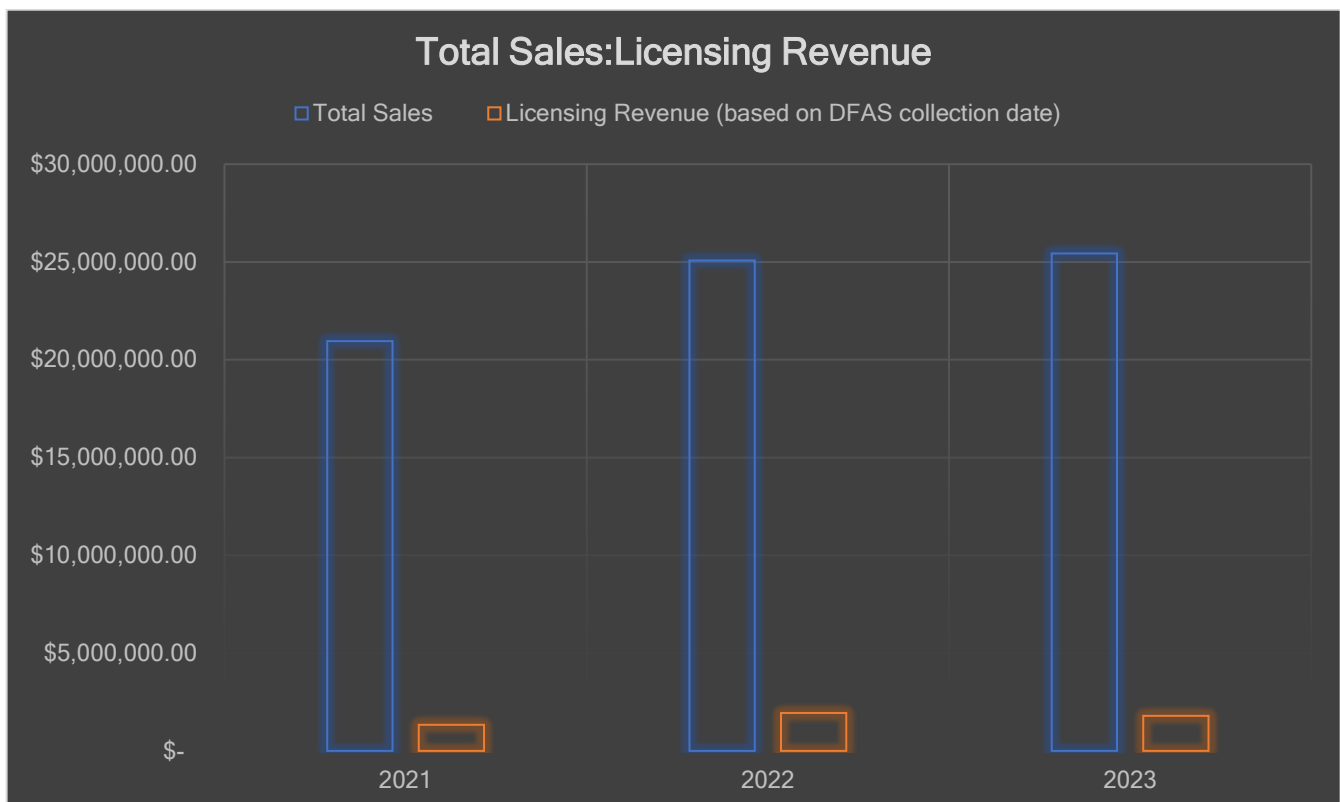
The TML staff reviewed the existing 20 subcategories in 2023, seeking greater alignment with current consumer buying habits. Those changes will be represented in 2024 and are expected to provide more specific insights into where consumers are purchasing DAF-branded merchandise.

FINANCIAL IMPACT

The authority to collect, retain, and execute licensing fees is codified in 10 U.S.C. 2260, *Licensing of Intellectual Property*, and DODI 5535.12, *DoD Branding and Trademark Licensing Program Implementation*.

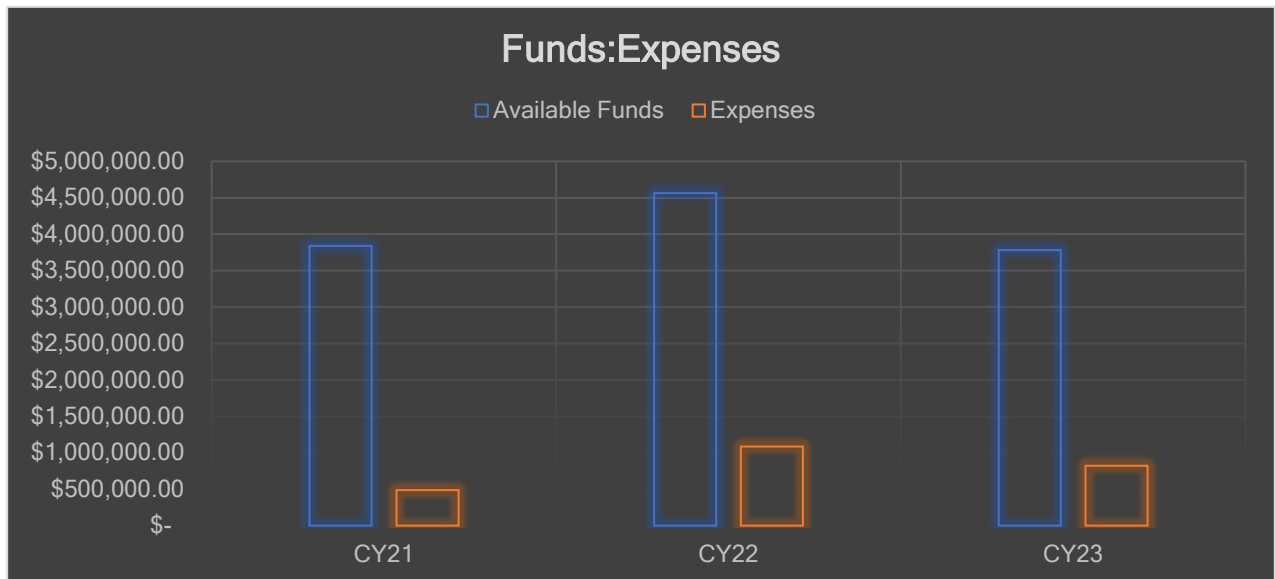
TML funds are three-year, 3801 revenue funds exclusively for the development, improvement, and operation of the TML program. The licensing fees may be used to offset the program's operating costs, which includes, but is not limited to, team travel expenses, civilian salaries and benefits, service providers, and marketing. Expiring funds are used to support military morale, welfare, and recreation programs.

In 2023, the TML program continued to be self-sustaining under 10 U.S.C. 2260. Sales of branded merchandise exceeded \$25.3 million and generated just under \$1.8M in royalties and licensing fees.



Source: Defense Enterprise Accounting & Management System and <https://insights.directlicensinghub.com/dlh/hub/stream/>

The TML program continues to operate in the black with revenues outpacing expenses. This positive financial performance reflects the strategic efforts to increase efficiency and drive sustainable growth. As a result, the program is well-positioned to reinvest in itself, innovate, and deliver long-term value to the DAF, the DoD, the American public, and other stakeholders.

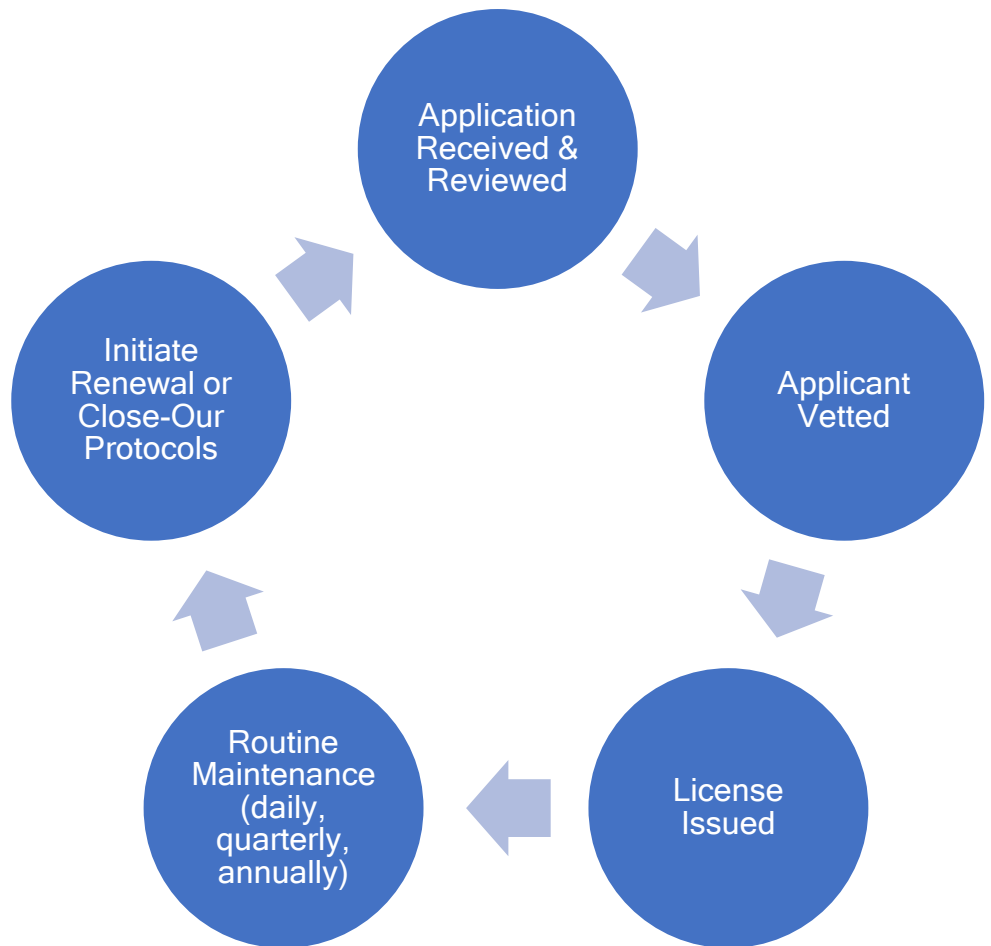


Source: Defense Enterprise Accounting & Management System

By maintaining low operational expenses, the Air Force and Space Force Intellectual Property Management office was able to allocate \$952K to support Air Force and Space Force Morale, Welfare and Recreation (MWR) programs in 2023. Since 2008, the TML program has provided more than \$7.8M to MWR. This support helps the Air Force Services Center (AFSVC) fund its MWR mission of offering quality events - STEAM programs, youth events, entertainment, and deployment activities - to past and present Airmen and Guardians and their families.

LIFECYCLE MANAGEMENT

Effectively managing the licensing process from application to close-out involves a comprehensive lifecycle that ensures each application and request is handled with the utmost diligence from Day 1. Failure to effectively manage a license can result in significant risk, including the potential for costly litigation, loss of trademark rights, and damage to the DAF's reputation. By focusing on robust license management practices, the TML team looks to mitigate these risks and ensure smooth, compliant, and mutually beneficial agreements.



*YOUR BRAND IS THE SINGLE
MOST IMPORTANT
INVESTMENT YOU CAN
MAKE IN YOUR BUSINESS.*

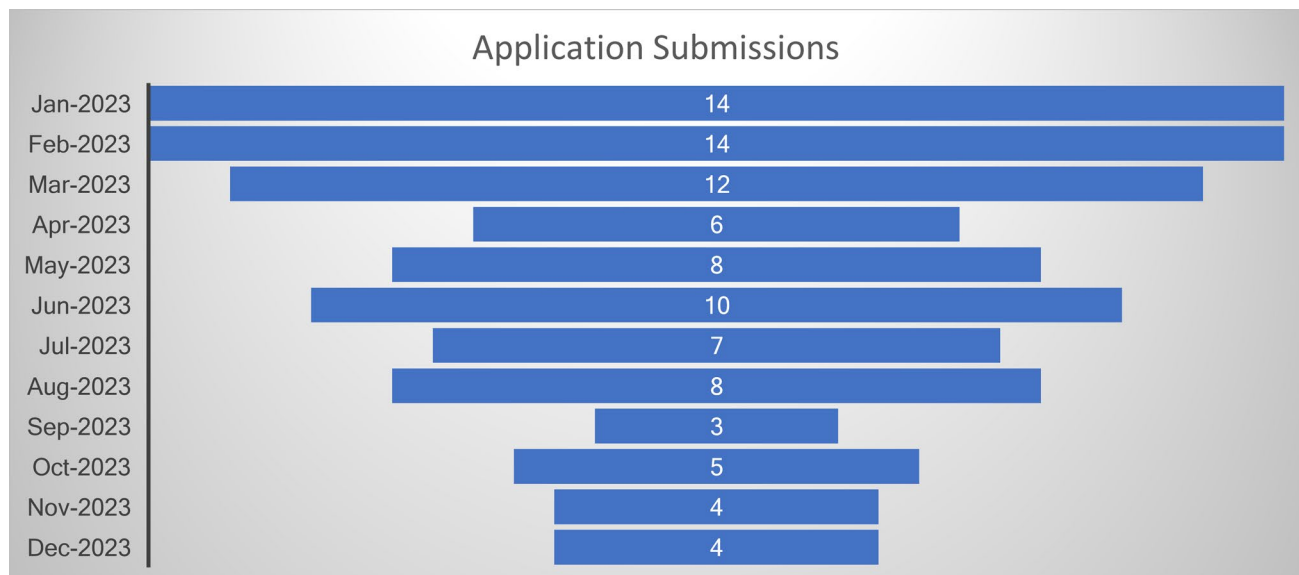
- STEVE FORBES

APPLICATIONS & PRODUCT APPROVALS



The TML staff is encouraged by the positive interest in the DAF brands by domestic and international entities. To maintain the integrity and reputation of the DAF brands, not all license applications are approved. The team is committed to carefully evaluating each application to ensure it aligns with the standards and values of the Air Force and Space Force.

In 2023, the TML staff processed 95 applications (initial and renewal) and 98 contract addendums. January and February recorded the highest volume of application submissions. This uptick coincided with the re-opening of the application portal following a three-month strategic pause during the 2022 holiday season.



Source: <https://insights.directlicensinghub.com/dlh/hub/stream/>

Throughout the life of the license, companies are required to receive approval of each new design or product prior to bringing it to market. The rigorous product approval process is essential for safeguarding the integrity and reputation of the DAF brands. By carefully evaluating each product, the TML team looks for those products that meet high standards of quality and consistency to carry the DAF's iconic brands.

Nearly 3,500 submissions were uploaded into the artwork portal in 2023 for adjudication: approve, resubmit, or reject. These submissions included mockups of proposed merchandise and designs, as well as images of physical sample sent in for review.

The screenshot displays a submission review interface for a 'Resin Air Force Thunderbird Orn'. The submission details include:

- Submission: Resin Air Force Thunderbird Orn
- Type: Initial Artwork Submission
- Licensee: Kurt S Adler Inc
- Submitted On: 06/23/2024
- Status: Waiting Approval

Review actions available are: Approve (green checkmark), Reject (red X), Re-Submit (orange arrow), and Archive (grey trash can).

The review stage is 'Concept (Initial Review)' with an 'Ad-Hoc Reviewer' assigned. The interface includes tabs for COMMENTS, TAGS, DETAILS, FILES, and HISTORY, and a Message Board.

The detailed view of the ornament shows a white resin model of a USAF Thunderbird fighter jet. Annotations include:

- BLACK Windows
- WHITE Planes Body
- Copyright notice printed on the bottom.
- PMS 431 c Antique Wash for panel lines

The bottom of the image features the USAF logo, the text 'USAF™', and a warning: 'DO NOT PRINT BACKGROUND COLOR FOR PLACEMENT ONLY!'. A small copyright notice is also visible: 'TM (c) Department of the Air Force. Officially Licensed Product of the Department of the Air Force (www.af.mil). Made in China. Not a Toy.'

Source: <https://login.directlicensinghub.com/>

NON-MERCHANDISE REQUESTS

Timely responses to emails are critical to the success and reputation of the TML program. Effective email communication allows the team to address customer inquiries, collaborate with partners, and resolve issues promptly. Focusing on email responsiveness places a priority on enhancing customer satisfaction, streamlining operations, and maintaining strong relationships with stakeholders.

5,845
Email's
Reviewed/
Answered

In addition to direct communication from personal inboxes, the TML team answered almost 6,000 emails sent to the organizational inbox – licensing@us.af.mil - during 2023. A diverse spectrum of the public routinely requests DAF marks to use in projects such as museum displays, veterans' monuments, military appreciation events, and building signage. Some of the leading requestors include civic groups, city planners, representatives from the sports and entertainment industries, and business and community leaders.

The team also responded to miscellaneous license inquiries, assisted with sales reporting uploads, scheduled onboarding interviews, and provided aid with the licensing portal.

Additionally, they provided direct feedback to the DAF enterprise on display guidelines and developing program logos.



2023 HIGHLIGHTS

FLAGS FLOWN IN SPACE

In January 2022, the TML team worked with The Space Collective on an official license to include Air Force and Space Force-branded flags in a space mission that began on 15 July 2022. The flags orbited the Earth over 4,400 times and travelled more than 75 million miles during the 275-day mission aboard a SpaceX Falcon 9 rocket via collaboration between NASA and the International Space

Station. Space Collective's payloads were deployed aboard the Materials International Space Station Experiment (MISSE) platform that orbits outside the ISS, where it is exposed to the harsh environment of outer space. The Air Force and Space Force flags were accompanied by the sister service branches' flags in the payloads.



The space-flown flags were then sold by The Space Collective as limited editions. The flags were returned to Earth aboard the SpaceX CRS-27 Dragon on 15 April 2023; one of each Air Force and Space Force flag flown in orbit was provided to the TML team in October 2023 to keep as memorabilia.

SPACE FORCE TRAIN SO HOT LEGACY STATION RUNS SECOND ORDER



An unexpected demand for the first edition USSF train engine sold by Legacy Station resulted in the company designing a second version of the collectible Lionel train. The first run of 200 Space Force engines sold out on preorder within weeks with the help of a social media influencer. An influx of additional requests caused the company to accept a second round of orders for the Space Force train. The pre-orders were delivered to the train collectors in late 2023. Legacy Station is in discussions with the TML team to develop additional USSF-themed rail cars.

INCORPORATING DIVERSITY AND INCLUSION

The Air Force and Space Force value inclusion and diversity. To help identify businesses that align with those value, the TML application was adapted to incorporate diversity and inclusion into the pre-screening process. Applicants addressed how their business promotes diversity, equality, inclusion and belonging.

- “We are a proud certified veteran, woman, and minority owned company, and we hire not only the best qualified person but the person who will function the best in a diverse environment.”
- “At Company X, we believe in the power of diversity, equality, inclusion, and belonging. Our commitment is unwavering: Diverse Workforce: We foster a workplace that celebrates diversity in all its forms, valuing unique perspectives and backgrounds among our team members. Equal Opportunities: Our policies ensure that every individual is treated fairly and has equal access to opportunities for growth and advancement. Inclusive Environment: We cultivate an inclusive atmosphere where everyone's voices are heard and respected, contributing to a collaborative and innovative workplace. Belonging for All: We strive to create an environment where each person feels they belong, fostering a sense of pride and unity. Company X stands as a beacon of these values, embracing the richness that comes from diverse experiences, ensuring equal.”
(Company name removed.)

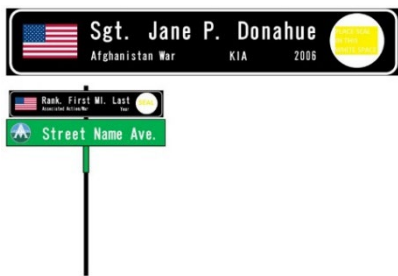
PROTECTING BRANDS

Joint Base San Antonio’s logo will get a fresh look. The TML staff continued to work with 502d ABW/PA VI/Operations Manager on bringing the JBSA-Lackland logo into compliance with existing policy. Its first use dates to circa 2010. The logo includes the trademarked silhouette of the Alamo and the unauthorized use of the service branches’ seals.



STEM PROGRAM UNVEILS NEW LOGO

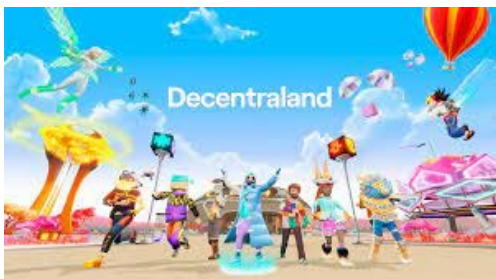
In March of 2023, the TML team reviewed proposed re-branding assets for the DAF K-12 STEM program which will soon be branded as Air & Space STEM Outreach. The new logo and identity now incorporate both Air Force and Space Force.



VETERANS SIGN PROGRAM

Adams County, Colorado Public Works implemented a Veterans Sign program. The program allows residents to request dedication of a street in Adams County to the memory of their deceased military member. The TML team authorized use of the Air Force Emblem and the Space Force Delta for this project and provided guidance on proper application of the marks.

METAVEVERSE AND THE AIR FORCE



In May 2023, the TML section dipped its toes in the virtual world by approving Wounded Avatar to have the Air Force Emblem on a virtual memorial in [Decentraland](#).

SALUTE TO SERVICES



The TML team provided authorization for the Miami Dolphins to display giant banners representing the Air Force and Space Force official flags during their “Salute to Service” game November 19, 2023. The image above reflects how the flags were displayed during the opening presentation.

THE FUTURE

TML continues to work on building a portfolio of diversity among licensees and licensed products. By scouring social media sites, small business forums, and industry publications, the team will lean into consumer buying habits and upcoming trends. The program will direct its focus on issues that are important to consumers and the DAF, to include environmentally friendly and sustainable manufacturing practices.

Protecting the Air Force and Space Force brands is the heart of the licensing program, as is synchronizing the team's efforts to support the DAF's recruiting and retention efforts. The program will remain committed to finding new methods to enhance these efforts each year.

