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Court dismisses false advertising claims based on faulty UL certification challenge

Examination/opposition
Enforcement

United States - Leason Ellis LLP

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- **Board-Tech filed a suit asserting that Eaton's labelling of its switches as "UL Certified" was false advertising**
- **Court found that Board-Tech failed to specify the products at issue or allege an actionable falsity**
- **Court determined that allowing the proceeding to go forward based on Board-Tech's testing would set a bad precedent**

In *Board-Tech Electronics Co, Ltd v Eaton Electric Holdings LCC* (17-CV-5028, 2017 WL 4990659 (SDNY October 31 2017)), Board-Tech filed a suit asserting that Eaton's labelling of its switches as "UL Certified" was false advertising and marketing under the Lanham Act (15 USC Section 1125(a)), as well as under various state laws of California, New York and Texas. In turn, Eaton filed a motion to dismiss on the grounds that Board-Tech failed to specify which products were at issue and to allege any actionable falsity.

The crux of the case was the certification of Eaton's light switches. In the United States, the National Electric Code is a standard to ensure the safe installation of electrical equipment. Here, the electric light switches needed to be "UL 20" compliant. The certification is authorised through Underwriters Laboratories (UL) which has owned the US certification mark since 1964. UL is an Occupational Safety and Health Administration designated nationally recognised testing laboratory. It tested a representative sample of Eaton's switches to determine whether they met certain safety standards to authorise use of the UL mark.

Board-Tech claimed that it had independently tested eight samples of six models of Eaton's light switches and found that none of them complied with UL safety standards. It alleged that Eaton was falsely labelling its switches as meeting the UL standard. However, Board-Tech's claims failed on two fronts.

First, Board-Tech failed to specify the products at issue. Despite having amended their complaint twice, Board-Tech did not comply with Rule 8's basic pleading obligations. While Board-Tech claimed that it had performed tests on a representative sample of Eaton's switches, it could not explain how a mere sample could be extrapolated to prove that all Eaton's switches were not UL 20 compliant, nor did it identify which particular light switches had not passed the tests.

Second, the court found that Board-Tech failed to allege an actionable falsity. The court made a compelling distinction between authorisation to apply the UL certification mark and actual compliance with the standards under the certification mark. Board-Tech could not deny that Eaton did have authorisation to apply the mark. Nonetheless, Board-Tech's contention was that Eaton was deceiving consumers by using the mark because their goods were non-compliant. However, the certification mark authorises use based on UL's approval process where UL tests a representative sample to find whether that sample conforms to the prevailing safety standards. Eaton had passed that process. The fact that Board-Tech decided to test Eaton switches was viewed as an attempt to usurp UL's authority and responsibility to do so. Indeed, the court suggested that if Board-Tech thought that UL was failing in its responsibility, it had the option to seek cancellation of the mark.

Further, as a matter of public policy, the court determined that allowing the proceeding to go forward based on Board-Tech's testing would set a bad precedent. In particular, it would allow competitors to police the UL certification mark (and perhaps others) and gain access to competitive information to which they should not be privy. The court warned that while there are times when competitors have rightful complaints, the response should involve careful consideration. In this particular case, dismissal was warranted.

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