

Competitor's Claim of False Advertising Through Use of Certification Mark Dismissed

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In *Board-Tech Elec. Co. v. Eaton Electric Holdings LLC*, the U.S. District Court for the Southern District of New York recently dismissed a novel claim that a competitor's authorized use of a third party's certification mark in connection with products that allegedly did not comply with the mark's certification standards constituted false advertising in violation of Section 43(a) of the Lanham Act. The court explained that allowing such a claim to proceed would enable a competitor to police a third party's

certification mark, something that is not permitted under the Lanham Act. The court also was concerned that permitting the claim to proceed would allow a private party to test its competitor's products against industry standards as a basis for bringing a lawsuit that could expose its competitor's sensitive information.

A certification mark is a mark that is used by someone other than the mark's owner to certify something about the product or service with which it is used. Certification marks are most commonly used to certify that a product meets certain specifications or technical or quality standards, such as UL or GOOD HOUSEKEEPING, or that a product comes from a particular geographic location, such as IDAHO potatoes.

In this case, both parties sold competing electrical switches, which bore the UL certification mark. Many retailers would not sell, and consumers often would not buy, non-certified switches.

The UL certification mark is owned by Underwriters Laboratories. The registration of this mark states that the mark is used by persons Underwriters authorizes to indicate that "representative samplings of the products conform to [Underwriters'] safety requirements. . . ." To apply for UL certification, a switch manufacturer must provide Underwriters with six sets of representative samples of the switches to be certified. The samples must then pass a series of tests mandated by Underwriters. The UL certification does not

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guarantee that every product sold by the manufacturer complies with the standard; it certifies only that a purportedly representative sample complied.

The complaint alleged that “If a product carries [the UL certification], it means that UL found that **a representative sample** of that product met UL safety requirements **and the manufacturer is representing that the product meets those requirements.**”

[emphasis in original] In addition, the complaint alleged that all of defendant’s light switches have permission to use the UL certification mark, and that in 2015-17 plaintiff tested samples of defendant’s switches that did not comply with the applicable UL standards. Based on this testing, plaintiff claimed that none of the models of defendant’s switches identified in the complaint complied with the UL standards, and alleged that because defendant’s switches did not meet the UL standards, defendant’s advertising of those switches as UL compliant constituted false advertising in violation of Section 43(a) of the Lanham Act and related state statutes.

Defendant moved to dismiss the complaint, claiming that plaintiff did not adequately allege that defendant’s use of the UL mark was a false representation. The complaint claimed that the use of the UL certification mark conveyed the false impression that defendant’s switches complied with the UL standard, although plaintiff acknowledged that each of defendant’s products had been granted permission to bear the UL mark and that Underwriters had “listed” or “classified” all of defendant’s switches at issue. Thus, plaintiff’s claim was based on the distinction between authorization to apply the mark and actual compliance with the UL standards. Plaintiff conceded authorization, but claimed that despite the authorization, defendant’s products failed to comply with the UL standards, and defendant was thereby deceiving consumers.

For plaintiff’s theory to succeed, it would need to prove that defendant’s authorized use of the UL mark was capable of being a deceptive use. The Court found defendant’s use not to be deceptive because the UL trademark registration explicitly stated that the “mark is used by persons authorized by applicant to indicate that the representative samplings of the products conform to safety requirements used by the applicant.” Defendant’s use of the mark indicates only that a representative sampling of defendants’ switches has conformed to Underwriters’ safety requirements, a fact that plaintiff conceded.

The court found that although plaintiff’s testing showed that some of defendant’s switches did not comply with the UL safety standards, if defendant was authorized to use the UL mark, then plaintiff was simply policing Underwriters’ mark, which is something only Underwriters may do. If plaintiff believed that Underwriters has not policed its mark, plaintiff could seek to have the registration cancelled under 15 U.S.C. § 1064(5).

The Court expressed concern about the issues that allowing this action to proceed would raise, such as allowing a competitor, rather than the mark’s owner, to police a certification mark, or enabling a competitor to test products against a standard as a ruse to obtain competitive information. For these reasons, the court dismissed the complaint.