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Insights: Alerts

Tea Leaves Tell Tales: Jury Awards $2.36 Million for Bigelow's "Manufactured in the USA" Label

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A California jury recently found that R.C. Bigelow, Inc., the well-known manufacturer of Bigelow teas, intentionally or recklessly misled consumers by claiming some of its teabags were “Manufactured in the USA.” The company paid a steep price for this mislabeling, with the jury awarding the class action plaintiffs $2.36 million.

A Brewing Controversy

For Bigelow, the kettle was near boiling well before trial. The Court had already found that the label “Manufactured in the USA” was false because the tea leaves were grown and processed abroad. It rejected Bigelow's argument that the statement referenced the blending and packaging of the teabags, all of which took place in the United States.

The court explained that, because the tea leaves were processed abroad, they were no longer a raw material when imported. In fact, under California law, a “made in the U.S.A.” claim “is false if a substantial or significant portion of the component parts of the product are manufactured abroad.” As the tea leaves were undisputably processed abroad and were the “very essence” or “guts” of the tea bags, the court found the statement “Manufactured in the U.S.A.” to be “literally false.”

Oversteeped Labels Lead to Bitter Results: Jury Finds Fraud

With the question of falsity already set, all that remained for the jury to do was determine whether Bigelow knew the statement was false, or recklessly disregarded its veracity, and then calculate the damages to be awarded.

Plaintiffs leaned heavily on some key internal Bigelow emails, including one in which the company's CEO was told about the Federal Trade Commission's requirements for the use of “Made in U.S.A.” statements, as well as examples of emails recommending alternative labels such as “Blended in the USA” or “Packaged in the USA.” In a unanimous verdict, the jury found for plaintiffs on all claims and awarded plaintiffs $2.36 million in damages. While this was almost $1 million less than plaintiffs sought, it is still a substantial amount.

Reading the Tea Leaves: Key Takeaways Before Adopting “In The USA” Labels

This case offers valuable lessons for advertisers considering whether to use a “Made In the USA” or “Manufactured in the USA” label:

- Before adopting any label indicating an origin in the United States, review the Federal Trade Commission's requirements, as well as state law requirements (most prominently, California law), carefully.
  - A “Made In the USA” label is only appropriate where the advertised product is “all or virtually all” made in the United States—a requirement that will be read and applied strictly. Be aware that even if certain ingredients are literally not available to be sourced within the United States, a “Made In the USA” claim may not be appropriate.
- Caution is advised when adopting alternative labels to “Made In the USA,” as courts may find the distinction between made and manufactured to be simply one of semantics.
- Modifiers such as “100%” will be taken literally and should be vetted and verified extremely carefully.
- Do not rely on what you believe may be generally understood by the consuming public when creating labels. Disclosure and transparency are the best policy.

If you have questions or concerns about advertising compliance or disputes, please reach out to our Advertising and Marketing team.

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