

FTC Closes Investigation of Watch Manufacturer's "Made in USA" Claims

Article By:

Harvey M. Applebaum

John Graubert

Elisa S. Solomon

In a reminder that the agency still has an interest in "***Made in the USA***" claims, on November 20, 2015, staff from the ***U.S. Federal Trade Commission ("FTC")*** issued a [letter](#) to ***Niall Luxury Goods, LLC ("Niall")*** closing an investigation of the company's claims that its watches are made in the United States. Although the Kansas-based company's watches were marked "USA Made," the watch movements were manufactured in Switzerland. The FTC expressed concern that a "USA Made" claim would not be appropriate in these circumstances but closed the investigation in light of remedial steps the company had taken to clarify the marking on its product.

The FTC's letter to Niall stated that "unqualified 'Made in USA' or 'Built in USA' claims likely suggest to consumers that products are 'all or virtually all' made in the United States." The agency added that it may analyze a variety of factors in determining whether a product is all or virtually all made in the United States, noting three factors in particular: (1) the proportion of the product's total manufacturing costs attributable to process and production in the United States, (2) "how far removed any foreign content is from the finished product," and (3) "the importance of the foreign content or processing to the overall function of the product."

The agency's letter to Niall emphasized the last of these factors. The FTC noted that although the cost of the Swiss movement "may be small" compared to the overall U.S. manufacturing costs, the watches' foreign-made movements are essential to the function of a watch because "without a movement, a watch cannot tell time." In response to the FTC investigation, among other steps Niall now includes "Swiss Mvmt" in close proximity to the claim "USA Made" on the back of the watches' bezels. The company's website also describes the percentage of value and of cost for each watch component and where that component was manufactured.

After a flurry of interest in "Made in the USA" and similar claims, particularly between 1999 and 2001 when the FTC entered into more than a dozen consent orders on this issue, enforcement slowed down significantly for nearly a decade. In each of the past three years, however, including the recent

Niall matter, the FTC has entered into an additional consent order. Companies should be sure to consider the FTC's analysis of such claims before using them in marketing campaigns.

© 2025 Covington & Burling LLP

National Law Review, Volume V, Number 337

Source URL: <https://natlawreview.com/article/ftc-closes-investigation-watch-manufacturer-s-made-usa-claims>