

IN THE MATTER OF

OSRAM SYLVANIA INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3471. Complaint, Nov. 17, 1993--Decision, Nov. 17, 1993*

This consent order prohibits, among other things, a Massachusetts-based corporation from misrepresenting the light output, wattage, and energy cost savings of any of its light bulbs, except for certain specialty bulbs. The respondent is also required to disclose, whenever it claims electricity cost savings or any environmental benefits for its bulbs, that the bulbs produce less light than the bulbs to which they are compared, if true.

Appearances

For the Commission: *Phoebe Morse, Sara Greenberg and Joel Winston.*

For the respondent: *David Grossi, Bowditch & Dewe, Worcester, MA. and Robert Paul, Shaw Pittman, Potts & Trowbridge, Washington, D.C.*

COMPLAINT

The Federal Trade Commission, having reason to believe that OSRAM SYLVANIA Inc., a corporation, hereinafter sometimes referred to as respondent, has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. Respondent OSRAM SYLVANIA Inc. is a Delaware corporation, with its offices and principal place of business located at 100 Endicott Street, Danvers, MA.

PAR. 2. Respondent has advertised, offered for sale sold, and distributed throughout the United States incandescent light bulbs under the trade names "Sylvania" and "Energy Saver."

PAR. 3. The acts or practices of respondent alleged in this complaint constitute the maintenance of a substantial course of trade in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Respondent has disseminated package labels for its Energy Saver incandescent light bulbs, including but not necessarily limited to the attached Exhibits A through D. These package labels note the environmental and economic benefits of respondent's light bulbs by way of statements such as "Sylvania is committed to conserving the Earth's natural resources with a full line of energy saving products," and "save up to 15% in energy every second they burn" and describing the cost savings from using Energy Saver light bulbs instead of ordinary light bulbs.

PAR. 5. Respondent has also disseminated package labels for its Energy Saver "ellipsoidal reflector" bulbs including but not necessarily limited to the attached Exhibits E and F. These package labels state that the ellipsoidal reflector bulbs, which are designed for use in recessed, down fixtures, use "only 50% as much energy as . . . ordinary . . . light bulb[s]" and that their special reflector feature allows the bulbs to provide "as much useable light as . . . ordinary . . . watt bulb[s]. . . ."

PAR. 6. The Energy Saver packaging suggests that consumers replace light bulbs of a particular wattage with a corresponding Energy Saver replacement light bulb. The corresponding Energy Saver light bulbs have less wattage than the bulbs they are designed to replace.

A. Respondent has offered, for example, a 90 watt Energy Saver incandescent bulb to replace ordinary 100 watt bulbs, a 67 watt Energy Saver incandescent bulb to replace ordinary 75 watt bulbs, a 52 watt Energy Saver incandescent bulb to replace ordinary 60 watt bulbs, and a 34 watt Energy Saver incandescent bulb to replace ordinary 40 watt bulbs.

B. Respondent has also offered a 75 watt Energy Saver ellipsoidal reflector bulb to replace ordinary 150 watt bulbs and a 50 watt Energy Saver ellipsoidal reflector bulb to replace ordinary 100 watt bulbs.

PAR. 7. The Energy Saver incandescent bulb packages, rather than prominently displaying the wattage of the light bulbs contained inside the package, display the wattage of the light bulb being replaced (*e.g.*, "100") in large prominent black numerals in the middle of the front panel (4-pack and 2-pack) and on the back panel as well on the 4-pack package. Below, in substantially smaller black print, is a phrase such as "[100] watt replacement for [90] watts." The second numeral *i.e.*, in the example given, the numeral 90, is depicted in black print that is substantially thinner and smaller than the larger numeral depicted above it. There is a further small black print statement of the lumens of the light bulb inside (*e.g.*, "Avg. lumens 1540"), but no adequate disclosure of the number of lumens of the ordinary light bulb being replaced or whether the ordinary bulb produces more light than the Energy Saver bulb. Moreover the side panel of the packages contains the statement that the Energy Saver bulbs provide "full light output."

PAR. 8. The Energy Saver ellipsoidal reflector bulb packages, rather than prominently displaying the wattage of the light bulbs contained inside the package, display the wattage of the light bulb being replaced (*e.g.*, "150") in large prominent black numerals on the front and back panels, followed on the same line by the phrase "[150] watts of light for [75] watts." The second numeral, *i.e.*, in the example given, the numeral 75, is depicted in black print that is substantially thinner and smaller than the larger numeral depicted prior to it. These packages contain no lumen disclosure. The side panels of the packages contain a statement that these bulbs provide "as much useable light as an ordinary [150] watt bulb."

PAR. 9. Through the use of the statements and depictions on the package labels referred to in paragraphs four, five, six, seven and eight above, including but not necessarily limited to the package

labels attached as Exhibits A through F, respondent has represented, directly or by implication, that:

A. The Energy Saver 90, 67, 52, and 34 watt incandescent light bulbs will provide the same amount of light as the ordinary 100, 75, 60 and 40 watt light bulbs that they are designed to replace.

B. Each Energy Saver incandescent light bulb will save consumers up to 15% in energy costs.

C. The Energy Saver 75 and 50 watt ellipsoidal reflector light bulbs will provide the same amount of light as the ordinary 150 and 100 watt light bulbs they are designed to replace.

PAR. 10. In truth and in fact:

A. The Energy Saver 90, 67, 52, and 34 watt incandescent light bulbs will not provide the same amount of light as the ordinary 100, 75, 60, and 40 watt light bulbs that they are designed to replace. The Energy Saver incandescent light bulbs use fewer watts and provide fewer lumens (a standard measurement of light output) than the light bulbs they are designed to replace.

B. The Energy Saver 90, 67, and 52 watt incandescent light bulbs will not save consumers up to 15% in energy costs. These Energy Saver bulbs save, respectively, only 10%, 10.7% and 13.3% in energy costs compared to the energy usage of the bulbs that they are designed to replace. Only the Energy Saver 34 watt light bulb provides savings of 15% compared to the 40 watt ordinary light bulb it is designed to replace.

C. The Energy Saver 75 and 50 watt ellipsoidal reflector light bulbs will not provide the same amount of light as the ordinary 150 and 100 watt light bulbs that they are designed to replace. The Energy Saver ellipsoidal reflector light bulbs use fewer watts and provide fewer lumens than the light bulbs they are designed to replace.

Therefore, the representations set forth in paragraph nine were, and are, false and misleading.

PAR. 11. In its sale of Energy Saver incandescent and ellipsoidal reflector light bulbs, respondent has represented, directly or by implication, that use of Energy Saver light bulbs will save energy, lower consumers electricity costs, and conserve natural resources, as compared to the ordinary light bulbs that they are designed to replace, but has failed to disclose adequately that the Energy Saver bulbs will provide less light than the light bulbs they are designed to replace. This fact would be material to consumers in their purchase or use decisions regarding the product. The failure to disclose adequately this fact, in light of the representations made, was, and is, a deceptive practice.

PAR. 12. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

EXHIBIT A-1

SYLVANIA
4 Soft White Energy Saver Bulbs
100 watt replacement for 90 watts
4 Bulbs Avg. Life 750 Hrs./Avg. Lumens 1540 GTE

SYLVANIA
4 Soft White Energy Saver Bulbs
100 watt replacement for 90 watts
SAVE \$240 in energy costs.
GTE
Avg. Life 750 Hrs.
4 Bulbs Avg. Lumens 1540
Guaranteed Satisfaction

Cost Per Kilowatt Hour	.08¢	.10¢	.12¢
Watt 4 Bulb Savings	\$2.40	\$3.00	\$3.60

Based on the National Average Energy Cost. Check your local rate for actual savings.

These Soft White Energy Saver Bulbs:

EXHIBIT A-2

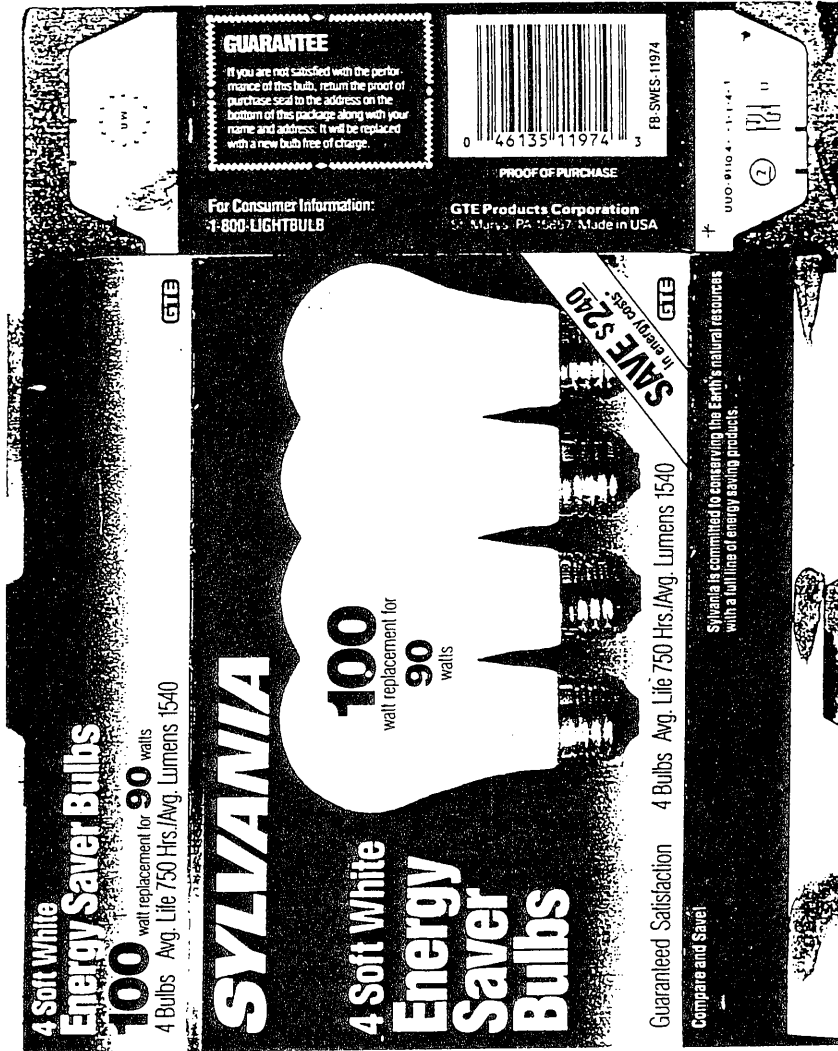


EXHIBIT A-3



EXHIBIT A-4

SYLVANIA

These Soft White Energy Saver Bulbs:

- are compact with full light output
- reduce raw materials in product and packaging
- save up to 15% in energy every second they burn

Compare and Save!

\$120 Average Energy Savings for Two Bulbs

Cost Per Kilowatt Hour	28¢	10¢	12¢
Your 2-Bulb Savings	\$1.20	\$1.50	\$1.80

Based on the National Average energy cost. Check your utility for actual savings.

GUARANTEE

If you are not satisfied with the performance of this bulb, return the proof of purchase card to the address on the bottom of this package along with your name and address. It will be replaced with a new bulb free of charge.

Please join our effort to protect the Earth.

Package made from 100% recycled material.

8 2 2 6 1 0 5 1 9 9 0 6 7

See inside for more

EXHIBIT B-1

SYLVANIA
4 Soft White Energy Saver Bulbs
75 watt replacement for 67 watts
4 Bulbs Avg. Life 750 Hrs./Avg. Lumens 1080 **GTE**

SYLVANIA
SYLVANIA
SYLVANIA

SYLVANIA
4 Soft White Energy Saver Bulbs
75 watt replacement for 67 watts
Avg. Life 750 Hrs. Avg. Lumens 1080 **GTE**

Guaranteed Satisfaction

Avg. Life 750 Hrs.
4 Bulbs Avg. Lumens 1080

Cost Per Kilowatt Hour	.086	.106	.124
Year 4 Bulb Savings	1.974	\$2.40	\$2.88

Based on the national average energy cost. Check your local rate for actual savings.

SAVE \$192
in energy costs*

© 1992 Sylvania Lighting Division of GE

4 Soft White Energy Saver Bulbs
 75 watt replacement for 67 watts
 4 Bulbs Avg. Life 750 Hrs./Avg. Lumens 1080

SYLVANIA

4 Soft White Energy Saver Bulbs
 75 watt replacement for 67 watts

SAFE \$192
 In Energy Costs

Guaranteed Satisfaction 4 Bulbs Avg. Life 750 Hrs./Avg. Lumens 1080
 Compare and Save!

GUARANTEE
 If you are not satisfied with the performance of this bulb, return the proof of purchase and to the address on the bottom of this package along with your name and address. It will be replaced with a new bulb free of charge.

PROOF OF PURCHASE
 0 46135 11970 5

FOR CONSUMER INFORMATION:
 1-800-LIGHTBULB

GTE PRODUCTS CORPORATION
 St. Marys, PA 15857 (Made in USA)

FR SWES-11970
 UNO 8110 4-11-73-1

GTE

Sylvania is committed to conserving the Earth's natural resources with a full line of energy saving products.

EXHIBIT B-3

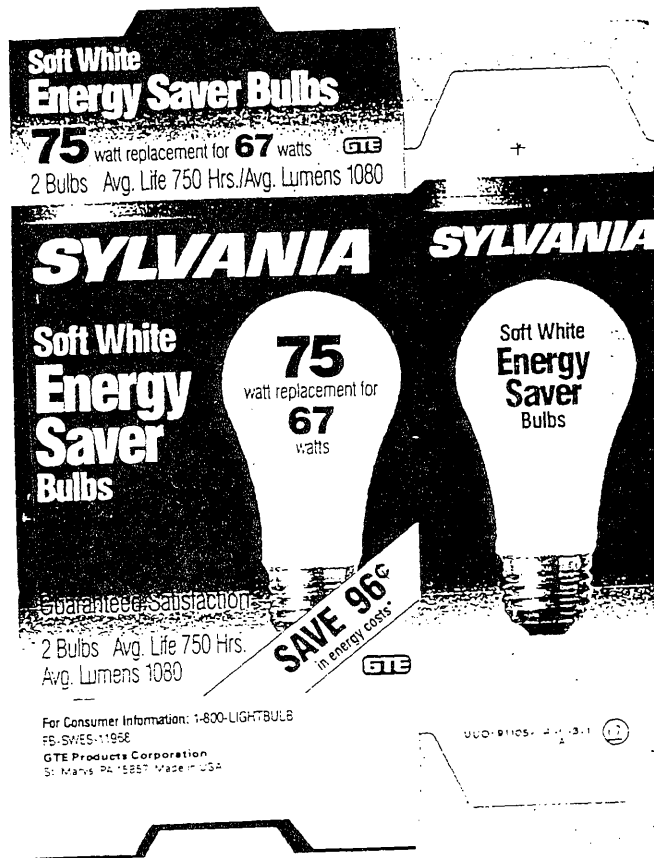


EXHIBIT B-4

SYLVANIA

These Soft White Energy Saver Bulbs:

- are compact with full light output
- reduce raw materials in product and packaging
- save up to 15% in energy every second they burn

Compare and Save!

96¢ Average Energy Savings for Two Bulbs			
Cost Per Kilowatt Hour	08c	10c	12c
Your 2-Bulb Savings	95c	\$1.20	\$1.44

* 86 National Average energy cost. Check your local rate for actual savings.

GUARANTEE

If you are not satisfied with the performance of this bulb, return the proof of purchase seal to the address on the bottom of this package along with your name and address. It will be replaced with a new bulb free of charge.

Package made from 100% recycled material

PROOF OF PURCHASE

2 29611 55197 0

EXHIBIT C-1

SYLVANIA
4 Soft White Energy Saver Bulbs
60 watt replacement for 52 watts
4 Bulbs Avg. Life 1000 Hrs./Avg. Lumens 780 **GTE**

SYLVANIA
SYLVANIA
SYLVANIA

SYLVANIA
4 Soft White Energy Saver Bulbs
60 watt replacement for 52 watts
SAVE \$2.50 in energy costs*
Avg. Life 1000 Hrs.
4 Bulbs Avg. Lumens 780 **GTE**

Guaranteed Satisfaction

Cost Per Kilowatt Hour	.08¢	.10¢	.12¢
Cost of 4 Bulbs Savings	\$2.50	\$3.20	\$3.84

*Based on 1¢ kilowatt-hour energy cost. Check your local rate for actual savings.

Three Soft White Energy Saver Bulbs

1297

Complaint

EXHIBIT C-2

4 Soft White Energy Saver Bulbs
60 watt replacement for **52** watts
 4 Bulbs, Avg. Life 1000 Hrs. Avg. Lumens 780

SYLVANIA

4 Soft White Energy Saver Bulbs
60 watt replacement for **52** watts

SAVE \$2.50 In Energy Cost

Guaranteed Satisfaction 4 Bulbs, Avg. Life 1000 Hrs. Avg. Lumens 780
Compare and Save!

Sylvania is committed to conserving the earth's natural resources with a full line of energy saving products.

GUARANTEE
 If you are not satisfied with the performance of this bulb, return the proof of purchase seal to the address on the bottom of this package along with your name and address. It will be replaced with a new bulb free of charge.

PROOF OF PURCHASE
 GTE Products Corporation
 St. Marys, PA 15857 / Made in USA

0 46135 11966 8 FB SWES 11966

000-91104-11-2-1

GTE

EXHIBIT C-3

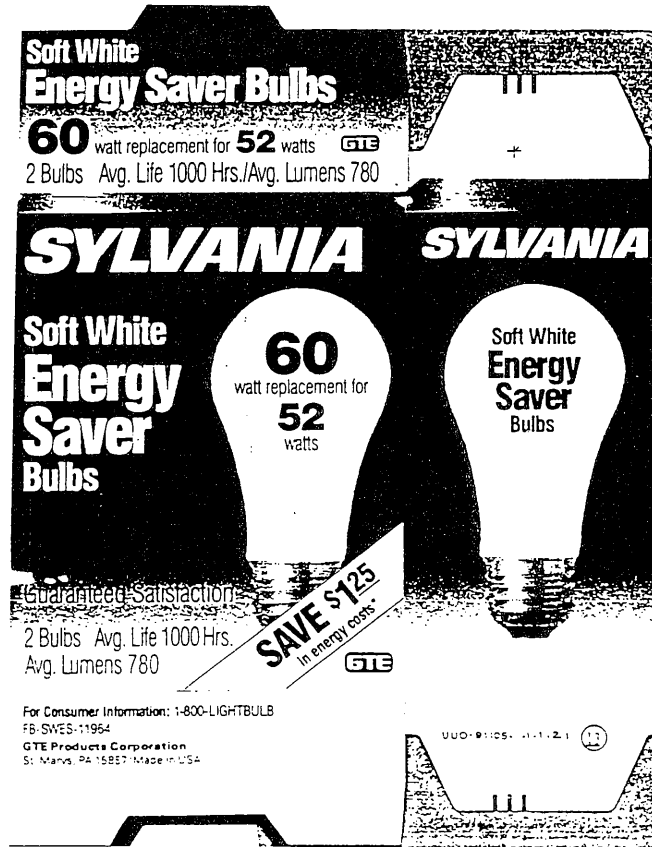


EXHIBIT C-4

SYLVANIA

These Soft White Energy Saver Bulbs:

- are compact with full light output
- reduce raw materials in product and packaging
- save up to 15% in energy every second they burn

Compare and Save!

\$125	Average Energy Savings for Two Bulbs
Cost Per Kilowatt Hour	.08¢ .10¢ .12¢
Your 2-Bulb Savings	\$1.25 \$1.50 \$1.92

Based on 80% Sylvania Average energy cost. Check your local rate of utility savings.

GUARANTEE

If you are not satisfied with the performance of this bulb, return the proof of purchase seal to the address on the bottom of this package along with your name and address. It will be replaced with a new bulb free of charge.

Join our effort to protect the Earth.

Package made from 100% recycled material.

061156197

EXHIBIT D-1

SYLVANIA
4 Soft White Energy Saver Bulbs
40 watt replacement for 34 watts
4 Bulbs Avg. Life 1500 Hrs./Avg. Lumens 400 **GTE**

SYLVANIA
4 Soft White Energy Saver Bulbs
40 watt replacement for 34 watts
SAVE \$288 in energy costs*
GTE
Avg. Life 1500 Hrs.
4 Bulbs Avg. Lumens 400
Guaranteed Satisfaction

Cost Per Kilowatt Hour	.016	.016	.016	.016
Hour 4 Bulbs Savings	\$2.88	\$3.60	\$4.32	\$5.04

Based on the National Average energy cost. Check your local rate for actual savings.

These Soft White Energy Saver Bulbs:

