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U.S. Federal Trade Commission Office of the Secretary 600 Pennsylvania Avenue NW Suite CC-5610 (Annex J) Washington, DC 20580

Petition for Rulemaking Concerning the Digital Labeling of Apparel

Pursuant to 5 U.S.C. § 553(e) and 16 C.F.R. § 1.31, the American Apparel & Footwear Association (AAFA)¹ respectfully petitions the Federal Trade Commission to amend the Care Labeling of Textile Wearing Apparel & Certain Piece Goods Rule (Care Labeling Rule or Care Rule), 16 C.F.R. Part 423, to allow digital labeling of apparel consistent with the Commission's authority under the Wool Act and Fiber Act, 15 U.S.C. §§ 68, 70. Amending the Care Labeling Rule to allow for the use of digital labels to deliver care information will (1) better and more conveniently inform consumers—including consumers who are not able to access labels due to the limitations and practical impact of the current regulatory frameworks—about the care of their products; (2) save millions of dollars in printing and labeling costs; and (3) help reduce waste. It's time for the FTC to bring the Care Rule into the internet era. We ask for the FTC to open public comment on this issue.

Care labeling of clothing is currently governed by the Care Labeling Rule, which was promulgated in 1971, before the internet existed. The Rule requires manufacturers and importers to display certain information about apparel, such as care instructions, on a physical label that is

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¹ The AAFA is the national trade association representing apparel, footwear, and other sewn-products companies, and their suppliers, which compete in the global market. Representing more than 1,100 world-famous name brands, AAFA is the trusted public-policy and political voice of the apparel and footwear industry, its management and shareholders, its more than 3.5 million U.S. workers, and its contribution of more than \$509 billion in annual U.S. retail sales. Our members are the companies that provide everyday essentials to the American public.



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affixed to the garment. The European Union and other industrialized countries have adopted similar labeling requirements for apparel, so the proliferation of labeling requirements around the world has led to label creep—lengthy labels in small text in multiple languages and with confusing symbols that are hard to read, and understand, printed on large, uncomfortable tags. In order to streamline labels and ensure that consumers can easily access important care information without having to scrutinize hard-to-read and confusing physical labels, the Commission should allow manufacturers to comply with Rule requirements through digital labels. These digital labels, such as a URL or QR code, could be added to apparel—either on a very small tag or directly stamped onto the item of clothing. They would link consumers to webpages where manufacturers can provide more information including detailed care instructions, product ingredients, supply-chain descriptions, and sustainability metrics. Unlike physical labels, which have a limited amount of space and are often immediately removed by consumers, digital labels give consumers access to more information free from size constraints and are permanently enduring. In short, apparel manufacturers should have the flexibility to choose to best serve the needs of their consumers by utilizing digital labeling.

Congress has already recognized the desirability of replacing printed product information with digital information. For example, Congress passed the E-Warranty Act to modernize FTC's disclosure requirements for warranty information on consumer products. Congress found that "[m]any manufacturers and consumers prefer to have the option to provide or receive warranty information online" and that "[m]odernizing warranty notification rules is necessary to allow the



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United States to continue to compete globally."² Thus, Congress opted to allow "an electronic warranty option [to] expand consumer access to relevant information in an environmentally friendly way, and [to] provide additional flexibility to manufacturers to meet their labeling and warranty requirements."³

Congress's reasoning applies with equal force to apparel labeling. Under AAFA's proposal, apparel manufacturers could use digital labels to comply with the current care instruction disclosure requirements. Notably, AAFA does <u>not</u> propose any changes to the substance of labeling—only to the form in which information is conveyed to consumers. AAFA's proposal will benefit consumers, manufacturers, and the environment. Allowing mandated information about a garment to be delivered through a digital label would improve accessibility, give consumers the regulatory information they need plus access to more information about the product, and help the industry meet its sustainability goals. The Commission should bring the Care Labeling Rule into the twenty-first century.

Regulatory Background

The Care Labeling Rule was first promulgated in 1971, and the Commission has reviewed it every decade to ensure the regulation is not "outdated, ineffectual, and unduly burdensome." In 2011, the Commission commenced its decennial review of the Care Rule, which remained open for more than a decade. This review included a public workshop in 2014 and a 2020 supplemental notice of proposed rulemaking seeking comments to determine whether rule rescission would be

² Pub. L. 114-51, § 2 (Sept. 24, 2015).

 $^{^{3}}$ Id.

⁴ FTC, Regulatory Review Plan at 1 (Sept. 2011), https://tinyurl.com/484hdvkp.



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in the public interest. Most commenters agreed that the Care Labeling Rule was outdated. Notwithstanding, the Commission kept the Rule intact, and the agency committed to "consider ways to improve the Care Labeling Rule to the benefit of buyers and businesses alike."⁵

Commissioner Wilson expressed "disappoint[ment] that the Commission ... terminate[d] the proposed repeal" without taking "immediate steps to update the Rule." She observed that the Rule "is tied to specific care instructions and procedures and is woefully out of date" because "[i]ndustry associations have developed new types of care instructions for both existing and new fabrics." She called on the Commission to "continue to consider changes to update the Rule," such as aligning symbols with international standards.

The Need for Modernized Labeling Regulations

Bringing the Care Labeling Rule into the twenty-first century by allowing digital labeling would result in more informed consumers, substantial savings to apparel companies, and considerable environmental benefits for several reasons.

1. A digital labeling requirement would benefit consumers and apparel companies alike

Although existing statutory and regulatory labeling requirements were created with good intentions—to enable consumers to make informed buying decisions and to help them care for their apparel—they do not reflect the conveniences and informational benefits of digital technology. Digital labels are far more convenient and would benefit consumers and

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⁵ Chair Lina M. Khan, *Remarks Regarding the Care Labeling Rule* at 2 (July 21, 2021), https://tinyurl.com/75ej6b95.

⁶ Commissioner Christine S. Wilson, *Oral Remarks: Open Commission Meeting* at 3 (July 21, 2021), https://tinyurl.com/mrxcft2u.

⁷ *Id.* at 3.

⁸ *Id*.

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manufacturers alike, by allowing required information to be efficiently and effectively presented in a manner that would be more accessible, legible, and understandable by more consumers.

The Care Labeling Rule, in its current form, is also quite burdensome. In April 2024, the Commission estimated that 10,744 manufacturers or importers—producing or importing over 18.4 billion garments annually—are subject to the Rule. These businesses spend approximately 25.5 million hours per year complying with the Rule under FTC estimates. The labor costs are considerable: \$34 million per year to determine care instructions, \$17 million to draft and order labels, and \$166 million to attach the labels, for a total cost of \$217 million—not to mention the costs of printing the labels. Digital labels would reduce these financial burdens and allow manufacturers and importers to pass savings onto consumers.

a. Consumers

Under the current regulatory regime, labels often fail to provide consumers with the information they need or want, primarily because labels are too large to be comfortable or aesthetically pleasing but too small to contain all the information that modern-day consumers want to know about the composition, sourcing, and care of their products. Allowing digital labels would solve this problem and enable apparel companies to provide consumers with a convenient means of learning about their products.

First, physical labels are often immediately removed by consumers, who may find them uncomfortable or ugly. Once a label is removed, consumers no longer have the information they

⁹ 89 Fed. Reg. 25267.

¹⁰ *Id.* This includes overseas labor.

¹¹ *Id*.



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need to care for their products, unless they save the label—and few consumers are likely to do so. But digital labels can be much smaller than physical tags. A digital label can be nothing more than a shortened URL or a tiny QR code, meaning that consumers are less likely to remove it. This helps ensure that consumers have information about the product throughout the product's lifetime and helps keep the information with the product, to the benefit of secondhand buyers or recipients of donated clothing, which in turn extends the life of the garment and keeps it out of landfills.

Second, physical labels are too small to convey the required information in a user-friendly manner—and apparel companies cannot enlarge them due to space constraints. The Care Rule requires detailed information about washing, drying, drycleaning, and bleaching instructions, as well as associated warnings. That is a lot of information for a very small label, so manufacturers have been forced to resort to nonintuitive "figures" and symbols that have been "developed by the American Society for Testing and Materials." 16 C.F.R. § 423.8(g):¹²

¹² See American Cleaning Institute, Laundry Basics, https://www.cleaninginstitute.org/cleaning-tips/clothes/laundry-basics.



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- means that a garment can be ironed at no more than 300 degrees.
- means that garments should be machine-washed with permanent press.
- means that garments should be machine-washed on delicate or gentle.
- means that garments should be drip dried.
- means that garments can be bleached with non-chlorine bleach.
- means that garments can be dry-cleaned with only reduced moisture.
- means that garments can be dry-cleaned only with petroleum solvent.

The list goes on. These figures are often confusing and have little or no rational relationship to the associated care instruction; why does a circle with an F in it mean "dry-clean only with petroleum solvent," and how could any modern consumer possibly divine that knowledge without resorting to the internet? Digital labels can provide all of this information in one place, whereas consumers currently have to go back and forth between internet searches and their physical labels (assuming they haven't destroyed them) in order to be fully informed about their products. Additionally, consumers who rely on the internet to research the meaning of the care symbols may inadvertently rely on the wrong systems of labels (there are many) or inaccurate websites. Many of these consumers are already on the internet while caring for their garments; laundromats now use QR codes on their washing machines and dryers, allowing customers to pay



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for their laundry using a mobile app by scanning the QR code on the machine to initiate a contactless payment.

Third, physical labels are of little use to consumers who are visually impaired or do not speak English. Visually impaired consumers may be unable to read the small font on physical labels, but digital labels will improve accessibility for all consumers because applications such as an online magnifier or text-to-speech functions on smartphones or computers can empower sightimpaired consumers to independently access care labeling information. Similarly, consumers who are not fluent in English might struggle to read and understand the care instructions on physical labels; there is no requirement that the instructions be presented in other languages. ¹³ See 16 C.F.R. §§ 300.7, 303.4 (requiring all information to be in English but imposing no requirements to provide information in other languages). Indeed, such a requirement would be unworkable given the number of languages that are widely spoken in the United States and the small size of physical labels. But many apparel companies, including AAFA's members, have already translated their labels into other languages because they sell their products in foreign countries. A digital label would allow manufacturers to present care instructions in multiple languages, all in one place, even when doing so physically is unfeasible. See 16 C.C.R. § 1707.6 (California regulation requiring pharmacies to post a notice that "include[s] a QR code that assists limited-Englishproficient individuals and informs consumers that the QR code may be used to obtain a translation of the notice").

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¹³ This is not a trivial concern. According to the Census Bureau, 8% of Americans (27 million people) do not speak English "very well." U.S. Census Bureau, Language Use in the United States: 2019 at 8, https://tinyurl.com/47se8kw5.



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Fourth, digital labels can satisfy consumers' demands for increased information about sustainability. Current labels can indicate that a product is recycled or sustainably sourced, but due to space constraints, cannot provide much additional information. A digital label can provide detailed information about the fabric content, manufacturing process, ethical sourcing and employment practices, and links to local recycling information. This can empower consumers to participate in a circular economy and contribute to a sustainable global economy while caring for their apparel. And apparel companies, who are eager to inform consumers about their sustainability initiatives, want to share this information, even though they are not required to do so.

Fifth, physical labels are static, whereas digital labels are dynamic and allow manufacturers to provide consumers with real-time updates about products. For example, if a product is recalled or if new, more sustainable care methods are developed, manufacturers can revise the webpage behind a digital label to inform consumers by providing important new information in accessible ways without compromising required regulatory disclosures. Companies can also use digital labels to inform consumers about replacement parts like buttons or zippers, servicing options, or warranty information.

b. Apparel companies

Digital labeling benefits apparel companies as well. Apparel companies want to meet the needs and demands of their consumers and seek to communicate necessary care information to their customers in the most efficient and effective way. This is because informed consumers are happy consumers, and happy consumers are repeat consumers. Apparel companies therefore want



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to ensure that consumers do not feel uninformed or deceived. Likewise, apparel companies have a strong interest in preventing care-related damage to their garments because damaged products upset consumers and tarnish a manufacturer's image, especially if the damage results from insufficient care information or other preventable errors by consumers.

Digital labeling would save apparel companies money and facilitate quality control. Manufacturers currently spend hundreds of millions of dollars designing and printing physical labels every year. Digital labels are far cheaper to design and create. Tags will be smaller and use less ink, and the cost of webpage design pales in comparison to that of physical printing. And unlike physical labels, which can fall off clothing or suffer from misprints that cannot easily be corrected, digital labels are always available and easy to update. This reduces the risk of enforcement actions or lawsuits alleging mislabeling or inadequate labeling.

Also, physical-labeling requirements inadvertently are hindering the apparel industry's efforts to be more sustainable. Industry estimates show that, collectively, these requirements now result in the annual production of approximately 5.7 million miles of label tape (which winds up in landfills), as well as countless gallons of ink, and untold quantities of electricity needed to power the machines that print labels and affix them to products. Shifting to the use of digital labels would significantly reduce labeling waste and significantly aid in decarbonization efforts, resulting in the elimination of at least 343,000 metric tons of carbon-dioxide emissions from industry supply chains.

In addition, stakeholder commentary in the last review of the Care Rule suggested that the inability of the physical label to provide a potentially extensive list of regulated care methods was slowing the adoption of more sustainable practices. A digital care label would remove that



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limitation and enable information about potentially better technologies to reach consumers while also providing the required care language.

Proposed Regulatory Text

The Commission should amend section 423.1(a) of the Care Labeling Rule to clarify that a "care label" can take the form of a digital label, including but not limited to, a hyperlink or QR code. A proposed addition is in italics:

Section 423.1(a): Care Label means a permanent label or tag, containing regular care information and instructions, that is attached or affixed in such a manner that it will not become separated from the product and will remain legible during the useful life of the product. This includes a hyperlink to permanent Digital Label or Tag that provides the consumer ready access to the required information.

The Commission should create section 423.1(h), which would define a "Digital Label or Tag."

Section 423.1(h): Digital Label or Tag means a webpage that contains all of the information required by section 423.6. The Digital Label or Tag must be in the English language, although other languages may also be included, and accessible via both desktop and mobile web browsers. The Digital Label or Tag may not be behind a password or paywall, and consumers may not be required to view an advertisement; create an account; or provide a username, email address, proof of purchase of a product, or any other information in order to access the Digital Label or Tag. The Digital Label or Tag must be easily noticeable and readable and written in 11-point font or larger.



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The Commission should amend section 423.5, which defines unfair or deceptive acts or practices pertaining to labeling to ensure that consumers have access to online information about their products and that apparel companies maintain care instructions and other labeling requirements online. The Commission may wish to consider adding a safe harbor such that companies that use digital labels cannot be held liable for technical outages beyond their control. AAFA proposes creating a new section 423.5(a)(6), which would read as follows:

Section 423.5(a): Textile wearing apparel and certain piece goods. In connection with the sale, in or affecting commerce, of textile wearing apparel and certain piece goods, it is an unfair or deceptive act or practice for a manufacturer or importer: ... (6) To remove, relocate, or fail to maintain the webpage that is linked from a Digital Label or Tag. If the removal, relocation, or failure to maintain a webpage linked from a Digital Label or Tag results from temporary, routine website maintenance or technological failures, outages, or other similar circumstances outside the control of a manufacturer or importer, the manufacturer or importer is not in violation of this subsection so long as it has made good-faith efforts to complete the website maintenance in a reasonable time or to resolve the technological failure, outage or other circumstance to the extent practicable. It shall not be an unfair or deceptive act or practice for a manufacturer or importer to remove the webpage linked from a Digital Label or Tag after the anticipated life of the most recently sold or imported item of textile wearing apparel or certain piece good has elapsed.



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Conclusion

It is long past time to modernize labeling requirements. Pre-internet labeling requirements are no longer workable in the digital era. These outdated requirements limit how critical care information can be most effectively delivered to consumers for the life of the garment and beyond, while benefitting manufacturers and protecting the environment. For the foregoing reasons, AAFA respectfully requests that the Commission open rulemaking proceedings to modernize the Care Labeling Rule by allowing for digital labels to deliver required care information to consumers.