

A federal judge announced that Target Corporation and Bed Bath & Beyond, Inc. must face a lawsuit claiming they sold linens that were falsely labeled “100% Egyptian Cotton” or “100% Long-Staple Egyptian cotton,” despite being suspicious of their origin.

Monday’s decision by a federal judge in New York addressed claims that consumers nationwide overpaid for mislabeled cotton produced by an Indian textile company. Egyptian cotton often commands a premium price because of its prestige, and because its long fibers yield a softer and more durable fabric.

The judge stated that consumers may pursue claims of breach of warranty and negligent misrepresentation against the retailers, as well as a U.S. unit of the textile manufacturing company. Consumers may also proceed with fraud claims against the manufacturer.

Fraud claims against the retailers were dismissed because there was no clear evidence of “fraudulent intent.” New York and California consumers were allowed to sue the retailers under the consumer protective laws of those states.

A lawyer for the manufacturer and Bed Bath & Beyond declined to comment. Lawyers for Target Corp. did not immediately respond to requests for comment.

According to the complaint, the retailers sold the “Egyptian” cotton well into 2016 even though Target and Bed Bath & Beyond had known for several months that the cotton was mislabeled. Both retailers stopped selling the linens in question later in the year.