December 17, 2007

By Certified Mail Notification

To All Interested Parties:

On November 1, 2007, the Department of Commerce (the “Department”) received a request from Signature Brands, Inc. (“Signature”) for a scope ruling to determine whether its “Jumbo Pumpkin” candles are covered by the scope of the antidumping duty order on petroleum wax candles from the People’s Republic of China (“PRC”): “Jumbo Pumpkin Candles” (item number 00337WM and 0033712 SB Halloween Jumbo Candles Sets). See http://ia.ita.doc.gov/download/candles-prc-scope/index.html under “2007 - Signature Brands, Inc (Halloween) - Sample Images.”

In accordance with 19 CFR 351.225(k)(1), the Department has determined that Signature’s novelty candles are inside the scope of the antidumping duty order on petroleum wax candles from the PRC.

Enclosed is a memorandum containing the Department’s analysis. We will notify U.S. Customs and Border Protection (“CBP”) of this decision. If you have any questions, please contact Irene Gorelik at (202) 482-6905.

Sincerely,

Alex Villanueva
Program Manager, Office IX
Import Administration

Enclosure
MEMORANDUM FOR: Stephen J. Claeys
Deputy Assistant Secretary
for Import Administration

FROM: James C. Doyle
Director, Office 9
Import Administration

SUBJECT: Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China: Final Scope Ruling, Signature Brands Inc.

Summary

On November 1, 2007, the Department of Commerce (the “Department”) received a request from Signature Brands Inc. (“Signature”) for a scope ruling to determine whether its “Jumbo Pumpkin” candles are included within the scope of the antidumping duty order on petroleum wax candles from the People’s Republic of China (“PRC”). See Antidumping Duty Order: Petroleum Wax Candles from the People’s Republic of China, 51 FR 30686 (August 28, 1986) (“Order”). In accordance with 19 CFR 351.225(k)(1), the Department finds that Signature’s novelty candles are within the scope of the Order.¹

Background


Product Descriptions

Signature described its “Jumbo Pumpkin” candles as petroleum wax candles with a cotton fiber wick, classifiable under Harmonized Tariff Schedule of the United States subheading 3406.00.0000. Signature stated that “Jumbo Pumpkin” candles (item number 00337WM and 0033712 SB Halloween Jumbo Candle Sets) consist of a “Jack-o-lantern,” and “Black Cat” candles (a pair of candles) which are shaped in the form of conical rounded forms, 2.375 inches

¹ The Department has developed an internet website that allows interested parties to access prior scope determinations regarding the Order. This website lists all scope determinations from 1991 to the present. It can be accessed at http://ia.ita.doc.gov/download/candles-pre-scope/index, and is updated periodically to include newly issued scope determinations.
in diameter and 0.875 inches in height. See Signature’s scope request dated November 1, 2007, at 2. These candles have a little silver colored metal container base measuring approximately 3/4 of an inch high. The candles are colored orange and black. Additional features include the shape of a cat painted black raised slightly above the orange-colored candle base and facial features such as eyes and mouth painted black denoting the carved portions of a pumpkin, i.e., jack-o-lantern. Signature provided samples and pictures of its candles. See id., at 2 and Attachment 1.

**Signature’s Scope Request**

Signature argues that, pursuant to the exception for novelty candles described in a September 21, 1987, Customs Information Exchange instruction sent to the U.S. Customs Service (“Customs Notice”), and prior scope rulings, its “Jumbo Pumpkin” candles are not included within the scope of the Order because they are novelty candles associated with a specific holiday, Halloween. Specifically, Signature argues that the “Jumbo Pumpkin” candles are specially designed for and limited to use in connection with Halloween; thus, they should be excluded from the scope of the Order under the Customs Notice novelty exclusion.

Additionally, Signature contends that the Department has previously determined that: 1) the colors of orange and black, together, are typically associated with Halloween, and 2) the “jack-o-lantern” design is only suitable for use during the Halloween season and not generally purchased or used any other time of the year.\(^3\)

Signature noted that the “Jumbo Pumpkin” candles are for use inside a pumpkin to illuminate the image on the candle from within the pumpkin. Additionally, Signature noted that the candles are sold under the “Pumpkin Masters” trademark alongside the “Pumpkin Masters Pumpkin Carving Kit” in the seasonal aisles of retail stores. The “Jumbo Pumpkin” candles are attached to a backing card and packaged in a “Pumpkin Masters” display set.

**Petitioner’s Comments**

NCA contends that Signature’s candles are within the scope of the Order because the candles are petroleum wax candles in the shape of a wax-filled container and specifically listed in the scope definition.

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\(^2\) In the Customs Information Exchange referenced by Signature, the Department described a narrowly limited exception to the scope of the order for so-called “novelty candles,” including figure candles, candles shaped in the form of identifiable objects, and candles specifically designed for and used only in connection with the holiday season. See Customs Information Exchange, CIE N212/85, dated September 21, 1987 (“Customs Notice”). We note the Customs Notice contains the same language concerning the novelty candle exception as an earlier communication between the Department and counsel for a candle importer. See Letter from the Director, Office of Compliance, to the law firm of Burditt, Bowles & Radzius, Ltd., July 13, 1987.

\(^3\) See Final Scope Ruling; Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); Meijer Distribution, Inc. (December 22, 2003) (“Meijer 2003 Scope Ruling”); see also Final Scope Ruling - Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); Meijer, Inc. (October 14, 1999) (“Meijer 1999 Scope Ruling”).
Moreover, NCA argues that Signature’s candles fall within the scope of the Order because they do not qualify for the limited novelty candle exception. NCA notes that the Department previously ruled that New Spectrum Gift Gallery’s Christmas snowmen and Santa tealights were within the scope of the Order.⁴ NCA argues that Signature’s candles, similar to New Spectrum’s candles, are wax-filled containers that fall within the scope of the Order and are not identifiable objects from all sides. Specifically, NCA states that Signature’s candles are not recognizable as Halloween candles from a majority of angles. NCA states that the “black cat” and “jack-o-lantern” are only discernible from the top, while from the side and bottom views, the candles are not discernible as Halloween candles. Moreover, NCA claims that, when lit, the top decoration of the candles will burn off, leaving no decoration at all. Additionally, NCA argues that Signature’s contention that their candles are intended to be used inside a pumpkin is irrelevant, as they are tealights within a wax-filled container and included in the scope definition.

On December 7, 2007, Signature filed rebuttal comments to NCA’s arguments, wherein Signature reiterated that its Jumbo Pumpkin candles possess similar characteristics that were previously found by the Department to justify an out-of-scope determination. Signature argues that the Department determined that several candles were found to be outside the scope of the Order despite the design being only viewable from the top of the candle. See Meijer 2003 Scope Ruling (where the Department found the “Halloween Floating Candles” to be outside the scope of the Order). Additionally, Signature rebutted NCA’s claim that the “Jumbo Pumpkin” candles are not identifiable from multiple angles by emphasizing that its novelty exclusion claim is based on the specificity to the Halloween holiday with the association of the black and orange designs rather than subject to the identifiable objects test of the novelty candle exclusion.⁵

Legal Framework

The regulations governing the Department’s antidumping scope determinations are found at 19 CFR 351.225. On matters concerning the scope of an antidumping duty order, the Department first examines the descriptions of the merchandise contained in the petition, the initial investigation, and the determinations of the Secretary (including prior scope determinations) and the U.S. International Trade Commission (“ITC”). This determination may take place with or without a formal inquiry. If the Department determines that these descriptions are dispositive of the matter, the Department will issue a final scope ruling as to whether or not the subject merchandise is covered by the order. See 19 CFR 351.225(k)(1).

Conversely, where the descriptions of the merchandise are not dispositive, the Department will consider the five additional factors set forth at 19 CFR 351.225(k)(2). These criteria are: (1) the physical characteristics of the merchandise; (2) the expectations of the ultimate purchasers; (3) the ultimate use of the product; (4) the channels of trade in which the product is sold; and (5) the manner in which the product is advertised and displayed. The determination as to which

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⁴See Final Scope Ruling; Antidumping Duty Order on Petroleum Wax Candles from the People’s Republic of China (A-570-504); New Spectrum Gift Gallery, Inc. (May 10, 2005) (“New Spectrum”).

⁵See New Spectrum (citing to Final Scope Ruling; Antidumping Duty Order on Petroleum Wax Candles from the People’s Republic of China (A-570-504); JCPenney Purchasing Corporation (May 21, 2001)).
analytical framework is most appropriate in any given scope inquiry is made on a case-by-case basis after consideration of all evidence before the Department. In this case, the Department has evaluated the Signature request in accordance with section 351.225(k)(1) of the Department’s regulations and finds that the descriptions of the products contained in the petition, the initial investigation, and the determinations of the Secretary (including prior scope determinations) and the ITC are dispositive with respect to Signature’s “Jumbo Pumpkin” candles. Therefore, for these “Jumbo Pumpkin” candles, the Department finds it unnecessary to consider the additional factors provided in section 351.225(k)(2) of the Department’s regulations.

Documents and parts thereof from the underlying investigation that the Department deemed relevant to this scope ruling were made part of the record of this determination and are referenced herein. Documents that neither the Department nor the parties placed on the record do not constitute part of the administrative record for this scope determination.

In its Antidumping Petition on Behalf of the National Candle Association, dated September 4, 1985 ("Antidumping Petition"), the NCA requested that the investigation cover:

> candles which are made from petroleum wax and contain fiber or paper-cored wicks. They are sold in the following shapes: tapers, spirals, and straight-sided dinner candles; rounds, columns, pillars; votives; and various wax-filled containers. These candles may be scented or unscented ... and are generally used by retail consumers in the home or yard for decorative or lighting purposes.

See Antidumping Petition at 7.

The Department defined the scope of the investigation in its notice of initiation. This scope language carried forward without change through the preliminary and final determinations of sales at less than fair value and the eventual antidumping duty order:

> certain scented or unscented petroleum wax candles made from petroleum wax and having fiber or paper-cored wicks. They are sold in the following shapes: tapers, spirals, and straight-sided dinner candles; rounds, columns, pillars, votives; and various wax-filled containers.

See Petroleum Wax Candles from the People’s Republic of China: Initiation of Antidumping Duty Investigation, 50 FR 39743 (September 30, 1985); Petroleum Wax Candles from the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value, 51 FR 6016 (February 19, 1986); Petroleum Wax Candles from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 51 FR 25085 (July 10, 1986); and Order. The ITC adopted a similar definition of the “domestic like product” subject to its determinations, noting that the investigations did not include “birthday, birthday numeral and figurine type candles.” See Candles from the People’s Republic of China: Determination of the Commission in Investigation No. 731-TA-282 (Final), Publication 1888 (August 1986) at 4, note 5, and A-2.
Also of relevance to the present scope inquiry are the Department’s instructions to the U.S. Customs Service\(^6\) issued in connection with a July 1987 scope determination concerning an exception from the Order for novelty candles, which states:

The Department of Commerce has determined that certain novelty candles, such as Christmas novelty candles, are not within the scope of the antidumping duty order on petroleum-wax candles from the People’s Republic of China (PRC). Christmas novelty candles are candles specially designed for use only in connection with the Christmas holiday season. This use is clearly indicated by Christmas scenes and symbols depicted in the candle design. Other novelty candles not within the scope of the order include candles having scenes or symbols of other occasions (e.g., religious holidays or special events) depicted in their designs, figurine candles, and candles shaped in the form of identifiable objects (e.g., animals or numerals).

See Customs Notice

In November 2001, the Department changed its practice on the issue of candle shapes. See Final Scope Ruling – Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); JC Penney Purchasing Corporation, (November 9, 2001) (“JC Penney”). In this ruling, the Department reviewed the text of the scope of the Order, beginning with the text of the first sentence of the scope which covers “{c}ertain scented or unscented petroleum wax candles made from petroleum wax and having fiber or paper-cored wicks.” See Order. The Department stated in JC Penney that:

{t}he text following this broad inclusive sentence provides a list of shapes, which list is not modified by any express words of exclusivity. The result of our prior practice of excluding candles of a shape other than those listed was inconsistent with the fact that such candles were ‘scented or unscented petroleum wax candles made from petroleum wax and having fiber or paper-cored wicks.’

See JC Penney at 4-5, footnote 1.\(^7\)

Furthermore, in JC Penney, the Department stated that:

We now determine that this practice was incorrect because it had the effect of narrowing the broad coverage of the first sentence of the Order’s scope. The list of shapes in the second sentence of the Order’s scope does not provide a textual basis for such a narrowing of the coverage of the first sentence of the Order’s scope.

\(\text{\textsuperscript{6}}\) Now the U.S. Customs and Border Protection Bureau ("CBP").

\(\text{\textsuperscript{7}}\) See also Final Scope Ruling - Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); Endar Corp. (January 11, 2000) ("Endar Ruling") (where the Department found a “dragonfly” candle, in the shape of a rough-hewn stone with a dragonfly carved on top, not within scope because it is of a shape not listed by the scope), and Final Scope Ruling – Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); American Drug Stores, Inc. (March 16, 1998) (where the Department found a sphere or ball-shaped candle not within scope because it is a shape not listed by the scope).
Accordingly, in order to give full effect to the first sentence of the inclusive language of the scope, the Department in this and future cases normally will evaluate whether candles of a shape not listed by the inclusive language of the Order’s scope are scented or unscented petroleum wax candles made from petroleum wax and having fiber or paper-cored wicks.

See JC Penney at 5, footnote 1.

This approach of evaluating such candles in light of the entire text of the Order scope is in keeping with the opinion of the Court of International Trade ("CIT"), noting that a better approach in scope rulings is to avoid subjective issues of intent and, instead, look to the petition’s language to determine whether the class or kind of merchandise at issue was expressly included. Duferco Steel, Inc. v. United States, 146 F. Supp. 2d 913, 922 (May 29, 2001) ("Duferco Steel"). Such an approach is a departure from past CIT precedent that required the Department to give ample deference to the petitioner’s intent when examining a petition’s description of the subject merchandise. See, e.g., Torrington Co. v. United States, 995 F. Supp. 117, 121 (CIT 1998).

Although the specific scope decision in Duferco Steel has been overturned by the United States Court of Appeals of the Federal Circuit ("CAFC") in Duferco Steel, Inc. v. United States, 296 F.3d 1087 (Fed. Cir. 2002) ("Duferco Steel II"), we do not believe that the CAFC’s decision undermines the Department’s decision in JC Penney. The plain language of the scope of the Order clearly states “{c}ertain scented or unscented petroleum wax candles made from petroleum wax and having fiber or paper-cored wicks . . . sold in the following shapes: tapers, spirals, and straight-sided dinner candles; rounds, columns, pillars, votives; and various wax-filled containers” are included within the scope of the Order. Thus, the Order offers a descriptive list of the shapes of candles included within the Order, but, as the courts have recognized, there is no requirement that every single product covered must be identified in the scope. More specifically, the CAFC has stated that “the petitions that led to the issuance of the order did not need to specifically identify the {product} in order to cover {it}; our precedent, to say nothing of the regulations, makes clear that neither a petition nor an antidumping or countervailing duty order requires that level of specificity.”8 The CAFC further stated “{a}s a matter of law, a petition need not list the entire universe of products . . . in order {for the petition} to cover those products.”9 Thus, as applied to this Order, there is no requirement, nor is it possible, for all the shapes of candles to be listed.10 In fact, if the list were exhaustive, there would have been no need for the Department to determine whether any other candle that was not explicitly listed as a shape in the scope of the Order is subject to the Order. However, the Department did render the novelty candle exception that offered a narrowly construed exception, leaving all other petroleum wax candles from the PRC covered by the Order.

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8 Novosteel SA v. United States, 284 F.3d 1261, 1264 (Fed. Cir. 2002).

9 Id.

10 See Petroleum Wax Candles from China, USITC Pub. No. 3226 Investigation No. 731-TA-282 (Review) (August 1999) at 18 (“Candles come in a wide variety of shapes and sizes. Major U.S. candle manufacturers reportedly will offer 1,000 to 2,000 varieties of candles in their product lines.”).
If the Department determines that the candle is made from petroleum wax and has a fiber or paper-cored wick, but the candle possesses characteristics set out in the Customs Notice, it will not fall within the scope of the Order. In order for a candle to qualify for this exception, the characteristic which is claimed to render it a novelty candle (i.e., the shape of an identifiable object or a holiday-specific design) should be easily recognizable in order for the candle to merit not being included within the scope of the Order. Specifically, among other determining factors, the Department will examine whether the characteristic is identifiable from most angles and whether or not it is minimally decorative, e.g., small and/or singularly placed on the candle. If the identifiable object or holiday-specific design is not identifiable from most angles, or if the design or characteristic is minimally decorative, the Department may determine that the candle is included within the scope of the Order. See JC Penney; Final Scope Ruling – Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); San Francisco Candle Co. (Feb. 12, 2001); and Endar Ruling. If a candle does not possess the characteristics set out in the July 1987 novelty candle exception, and it is a scented or unscented candle having fiber or paper-cored wick, the Department will determine that the candle is within the scope of the Order.

Analysis

We find that Signature’s “Jumbo Pumpkin” candles are covered by the scope of the Order. The Department has evaluated Signature’s request in accordance with 19 CFR 351.225(k)(1), because the descriptions of the products contained in the petition, the final determinations of the Secretary and the ITC, the initial investigation, and the antidumping duty order are, in fact, dispositive. Consequently, an analysis of the five additional factors set forth at 19 CFR 351.225(k)(2), as requested by Signature, is unnecessary for this scope ruling determination.

Signature cited to the Meijer 1999 Scope Ruling and Meijer 2003 Scope Ruling to argue that its “Jumbo Pumpkin” candles are specifically and solely designed for use during the Halloween season, and thus excluded from the scope of the Order under the novelty exception, as defined in the Customs Notice. In those determinations, the Department stated that: (1) “the shapes of Jack-o-Lanterns, ghosts and witches are only suitable for the specific season of Halloween, and would not generally be purchased or used at any other time of the year;” and (2) “the colors orange and black, together, are typically associated with Halloween. Thus, the Department agrees that the combination of the characteristics of these four candles—the spider/cobweb, black cat, ghost, and witch designs combined with the orange and black colors—results in the candles being specific to Halloween.” See Meijer 1999 Scope Ruling at 5 and Meijer 2003 Scope Ruling at 14, respectively.

When determining whether or not a particular product claimed as a “holiday or novelty candle” is within the scope of the antidumping duty order, the Department must first examine whether the shape of the candle is of a shape delineated in the language of the order’s scope, i.e., “tapers, spirals, and straight-sided dinner candles; rounds, columns, pillars, votives; and various wax-filled containers.” If the candle is in one of these shapes, the Department next considers whether the candle is, in fact, a “holiday novelty candle,” i.e., whether the candle is “specifically designed for use only in connection with a religious holiday or special event.” See Russ Berrie v. United States, 57 F. Supp. 2d 1184 (CIT 1999).
First, the Department notes that Signature’s “Jumbo Pumpkin” candles are a set of wax-filled containers composed of petroleum wax with raised and painted decoration depicting a jack-o-lantern face and a black cat. See Signature’s request dated November 1, 2007, at 2 and Attachment 1. Wax-filled containers are candles specifically delineated within the scope of the Order. The scope of the Order includes tapers, spirals, straight sided dinner candles, rounds, columns, pillars, and votives and various wax-filled containers. The “Jumbo Pumpkin” candles provided also contain fiber or paper-cored wicks, as described in the scope of the Order. See id.; see also Order. The Department finds that Signature’s Jumbo Pumpkin candles are wax-filled containers, which are subject to the Order. Additionally, these are petroleum wax candles. Consequently, these candles are subject to the Order. However, we must also consider the issue of whether Signature’s “Jumbo Pumpkin” candles qualify for the novelty exception, as defined in the Customs Notice. Specifically, the Department has previously stated that:

in order for a candle to qualify for this exception, the characteristic which is claimed to render it a novelty candle (i.e., the shape of an identifiable object or a holiday-specific design) should be easily recognizable in order for the candle to merit exclusion from the Order. Specifically, among other determining factors, the Department will examine whether the characteristic is identifiable from most angles and whether or not it is minimally decorative, e.g., small and/or singularly placed on the candle. If the identifiable object or holiday-specific design is not identifiable from most angles, or if the design or characteristic is minimally decorative, the Department may determine that the candle does not qualify for exclusion from the Order under the novelty candle exception.

See Final Scope Ruling: Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); San Francisco Candle Company (June 12, 2003) at 9.11

In numerous scope determinations, the Department has held that molded decoration applied to the surface of an in-scope candle that is not visible from multiple angles does not qualify it for the novelty candle exception. See e.g., Final Scope Ruling; Antidumping Duty Order on Petroleum Wax Candles from the People’s Republic of China (A-570-504); Kohl’s Department Stores (August 28, 2006); Final Scope Ruling; Antidumping Duty Order on Petroleum Wax Candles from the People’s Republic of China (A-570-504); Coppersmith Inc. on behalf of Specialty Merchandise Corp (January 14, 2005). Additionally, in the same scope ruling identified by Signature to support its claims, the Department also ruled that although “candles which incorporated jack-o-lanterns in their design were specific to the Halloween holiday, in this case, the Department finds that the jack-o-lantern design cut into the petroleum wax container is not identifiable as such from most angles; it is only identifiable when viewed from one angle (the front).” See Meijer 2003 Scope Ruling at 13.

Additionally, in a recent scope ruling, the Department stated that: “Bats,” “Pumpkins,” and “Ghosts” candles do not possess sufficient details to characterize them as identifiable objects when viewed from multiple angles,” despite that requestor’s reference to Meijer 1999 Scope

11 See also Final Scope Ruling – Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); JCPenney Purchasing Corp. (May 21, 2001); Final Scope Ruling – Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504) San Francisco Candle Co. (Feb. 12, 2001).
Ruling and argument that its candles were “Halloween” candles. See Final Scope Ruling: Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); Meijer Distribution, Inc. (March 22, 2007) (“Meijer 2007”) at 6. The Department found that the “pumpkin” and “ghost” candles were only identifiable as such when viewed from one angle while the “bat” candle was not identifiable as such from any angles. See id.

Here, the record evidence establishes that the molded decoration on the Jumbo Pumpkin candles (a black cat and a jack-o-lantern) can only be viewed from one angle, the top. Therefore, consistent with the Meijer 2007 ruling and prior scope rulings, we find that these candles do not qualify for the novelty candle exception because the holiday-specific design cannot be identified from most angles. See e.g., Final Scope Ruling: Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); Abrim Enterprises, Inc. (January 19, 2005) at 13.

Lastly, Signature stated that the Halloween candles are packaged two to a kit and sold in specialty aisles for the Halloween holiday. However, we note that the Department has previously stated that the product packaging does not have “any bearing on whether the physical attributes of the candle itself are within the scope of the order.” See Final Scope Ruling - Antidumping Duty Order on Petroleum Wax Candles From the People’s Republic of China (A-570-504); Endar Corporation, (May 11, 2000) at 5. Thus, the Department’s analysis of whether Signature’s “Jumbo Pumpkin” candles are excluded from the scope of the Order is irrespective of the “Jumbo Pumpkin” candles’ packaging.

Accordingly, consistent with Department practice, Signature’s “Jumbo Pumpkin” candles do not meet the criteria of the novelty candle exclusion pursuant to the Customs Notice and, therefore, should be included within the Order.

Recommendation

Based on the preceding analysis, we recommend that the Department find that the Signature Jumbo Pumpkin candles fall inside the scope of the Order. If you agree, we will send the attached letter to the interested parties, and will notify U.S. Customs and Border Protection of our determination.

Agree                         Disagree

________________________________________  ________________________
Stephen J. Claeys               
Deputy Assistant Secretary      
for Import Administration

________________________________________
Date