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CIT Contains “Parts of” Provisions

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On January 21, 2016, the Court of International Trade (CIT) agreed with Customs and Border Protection (CBP) and held that Container Store storage units were properly classified as base metal mountings in heading 8302 of the Harmonized Tariff Schedule of the United States (HTSUS) rather than as parts of furniture in HTSUS heading 9403. Base metal mountings are dutiable at a rate of 3.9 percent while parts of furniture can enter the United States duty free.

The Container Store imported top tracks and hanging standards, which are elongated rectangular strips of hardware made of epoxy-bonded steel. They can be affixed horizontally with anchors or screws to a vertical surface, such as a door or a wall. Additional storage components, such as baskets, drawers, or shelves can then be attached to the imported goods. On their own, the imported goods did not organize or store anything.

The Container Store argued that its imported goods were *prima facie* classifiable as parts of furniture under HTSUS heading 9403. The company also argued that the top tracks and hanging standards fell outside the scope of HTSUS heading 8302 because they were essential components of the storage units as a whole and therefore, were not parts of general use.

On the other hand, the government argued that the imported goods were *prima facie* classifiable under both headings. Since HTSUS heading 8302 provides for base metal mountings, it is a more specific provision than parts of furniture, and the government argued that the top tracks and hanging standards were properly classified under HTSUS heading 8302.

The CIT first considered the terms of the headings, beginning with HTSUS heading 8302. The HTSUS defines “base metals” as “iron and steel.” The common meaning of “mounting” and “fitting” is a “frame or support that holds something” and a “small, often standardized part,” respectively. The CIT found the imported goods met the terms of HTSUS heading 8302. The CIT relied upon the Federal Circuit’s definition of furniture in

storeWALL v. United States to find that the imported goods also met the terms of HTSUS heading 9403.

Since the terms of both headings described the imported goods, the CIT turned to the Section and Chapter notes to determine the proper classification of the top tracks and hanging standards. Reading the notes together, the CIT found that Chapter 94 covers articles that are designed to be placed on the floor and certain other articles that are designed to be hung on the wall, but not parts of general use, while Section XV Note 2(c) specifically places parts of general use into HTSUS heading 8302.

The Additional U.S. Rule of Interpretation (ARI) 1(c) supported this reading of the HTSUS headings by providing that a provision for parts or accessories does not prevail over a specific provision for the part or accessory. Thus, the CIT held that top tracks and hanging standards were “parts of general use” even if they were designed for a particular furniture system because “parts of general use” are defined in the HTSUS as articles of heading 8302.

The Explanatory Notes (ENs) supported the CIT’s conclusion by providing that parts of general use and disassembled furniture that are separately presented are not classifiable under HTSUS heading 9403. Additionally, the ENs for heading 8302 state that the heading covers general purpose fittings or mountings, even if they are designed for particular uses, unless they form an essential part of the structure of an article, such as window frames. The ENs for heading 9403 state that the heading covers furniture and parts thereof “not covered by previous headings.” Therefore, the CIT found that the top tracks and hanging standards were properly classifiable under HTSUS heading 8302 by applying the terms of the headings, the Section and Chapter notes, ARI 1(c), and the ENs.

For more information on how this recent court case may impact your company’s tariff classifications or on tariff classification in general, please contact Kathi Murphy, Mollie Sitkowski or any other member of Drinker Biddle’s Customs and International Trade Team.

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