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Legal Sidebar

Court Decisions Regarding Tariffs Imposed Under the International Emergency Economic Powers Act (IEEPA)

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In 2025, President Donald Trump issued a series of executive orders imposing tariffs on most U.S. imports under the International Emergency Economic Powers Act (IEEPA). On September 9, 2025, the U.S. Supreme Court decided to hear two cases, *V.O.S. Selections, Inc. v. United States* and *Learning Resources, Inc. v. Donald Trump*, in which lower courts held that IEEPA does not give the President legal authority to impose at least some of these tariffs. This Legal Sidebar analyzes the lower court opinions in *V.O.S. Selections* and *Learning Resources* and summarizes other lawsuits challenging tariffs imposed under IEEPA.

Constitutional and Statutory Authority to Impose Tariffs

The U.S. Constitution gives Congress the power to impose import tariffs and regulate foreign commerce. Congress, in turn, has enacted several laws authorizing the executive branch to impose tariffs in various circumstances. The first and second Trump Administrations have utilized several of these laws, imposing tariffs on steel and aluminum, automobiles and parts, and copper under Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. § 1862); tariffs on solar cell products and washing machines under Section 201 of the Trade Act of 1974 (19 U.S.C. § 2251); and tariffs on many imports from the People's Republic of China (PRC) under Section 301 of the Trade Act of 1974 (19 U.S.C. § 2411), for example.

IEEPA (50 U.S.C. §§ 1701 *et seq.*) gives the President extensive economic authorities to address certain emergencies declared under the National Emergencies Act (the NEA, 50 U.S.C. §§ 1601 *et seq.*). IEEPA provides authority to "regulate" or "prohibit" imports, although it does not specifically authorize tariffs. IEEPA authorizes the President to exercise these authorities upon declaring a national emergency "to deal with any unusual and extraordinary threat, which has its source in whole or substantial part outside the United States, to the national security, foreign policy, or economy of the United States." Unlike the express tariff authorities listed above, IEEPA does not require an executive agency to conduct an investigation or make findings.

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Tariffs Imposed Under IEEPA and Legal Challenges

On February 1, 2025, President Donald Trump invoked IEEPA to impose tariffs on imports from the PRC, Canada, and Mexico, declaring emergencies concerning illicit drugs and illegal immigration (the trafficking tariffs). On April 2, 2025, President Trump declared a separate emergency concerning "a lack of reciprocity in our bilateral trade relationships, disparate tariff rates and non-tariff barriers, and U.S. trading partners' economic policies that suppress domestic wages and consumption, as indicated by large and persistent annual U.S. goods trade deficits." Based on this declaration, President Trump invoked IEEPA to impose tariffs of at least 10% on imports from almost all U.S. trading partners and higher, country-specific "reciprocal tariffs" for many countries (collectively, the worldwide tariffs). President Trump has subsequently modified the trafficking tariffs and the worldwide tariffs several times. The President has also invoked IEEPA to impose tariffs on imports from Brazil, India, and countries that import oil from Venezuela based on declared emergencies separate from those underlying the worldwide and trafficking tariffs.

Beginning in April 2025, several plaintiffs filed lawsuits challenging the trafficking tariffs and the worldwide tariffs. These lawsuits generally claim that courts should enjoin (set aside) the tariffs because they are "ultra vires," meaning that they exceed the scope of the President's legal powers. Plaintiffs have argued that IEEPA does not authorize any tariffs or, alternatively, that specific tariffs are unlawful.

Disputes about the President's authority to impose tariffs under IEEPA are enmeshed with disputes about which courts may hear lawsuits challenging these tariffs. Some plaintiffs have filed these lawsuits in U.S. district courts, which generally have jurisdiction over "all civil actions arising under the Constitution, laws, or treaties of the United States." Other plaintiffs have filed suit in the U.S. Court of International Trade (CIT), a specialized court with exclusive jurisdiction over certain trade cases, including "any civil action commenced against the United States, its agencies, or its officers, that arises out of any law of the United States providing for (A) revenue from imports or tonnage [or] (B) tariffs, duties, fees, or other taxes on the importation of merchandise for reasons other than the raising of revenue." The U.S. government has argued that the CIT has exclusive jurisdiction over lawsuits challenging IEEPA tariffs and has moved to transfer lawsuits filed in district courts to the CIT. As discussed below, the dispute over whether IEEPA is a law that authorizes the President to impose tariffs has weighed on some courts' assessments of the jurisdictional question as well the merits of these lawsuits.

V.O.S. Selections, Inc. v. United States

On April 14, 2025, plaintiffs including V.O.S. Selections, Inc., a company that imports and distributes wines and spirits, filed a lawsuit in the CIT challenging the worldwide tariffs (*V.O.S. Selections, Inc. v. United States*). On April 23, a dozen U.S. states also filed a lawsuit in the CIT, challenging both the trafficking tariffs and the worldwide tariffs (*State of Oregon v. U.S. Department of Homeland Security*). On May 29, the CIT entered summary judgment for the plaintiffs in both cases, holding that IEEPA did not authorize the worldwide tariffs or trafficking tariffs. The government appealed the CIT's decision to the U.S. Court of Appeals for the Federal Circuit, which stayed the CIT's injunction pending appeal.

The Federal Circuit heard *V.O.S. Selections* and *State of Oregon* en banc (i.e., by all of the court's judges except one who is currently not permitted to participate in any cases). On August 29, 2025, the court affirmed the CIT's decision on the merits, holding that IEEPA did not authorize the trafficking or worldwide tariffs. The court's opinion was joined by seven judges, four of whom also endorsed a separate opinion with additional views arguing that IEEPA does not authorize any tariffs. Four judges dissented, arguing that the CIT should not have entered summary judgment for the plaintiffs. Although the court affirmed that IEEPA does not authorize the tariffs at issue, it remanded the case for the CIT to reconsider the propriety and scope of a permanent injunction against the government in light of the Supreme Court's June 27, 2025, decision in *Trump v. CASA, Inc.* (discussed in a separate Legal Sidebar).

The Federal Circuit's opinion first considered whether the CIT had jurisdiction over the lawsuits. The Federal Circuit determined that the plaintiffs' claims fell within the CIT's statutory grant of exclusive jurisdiction over certain civil actions, including those "that arise[] out of any law . . . providing for . . . tariffs, duties, fees, or other taxes on the importation of merchandise for reasons other than the raising of revenue." The court reasoned that, since the plaintiffs had challenged executive orders modifying the Harmonized Tariff Schedule of the United States (HTSUS), which Congress has provided "shall be considered to be statutory provisions of law for all purposes," the lawsuits arose out of a law providing for tariffs. The court stated that the CIT also had jurisdiction on the basis that IEEPA was "invoked as the authority to impose a tariff," regardless of whether IEEPA "does in fact confer such authority," differentiating the merits of the lawsuit from the jurisdictional question.

Turning to the merits, the court held that IEEPA did not authorize the worldwide or trafficking tariffs. The court did not decide whether IEEPA might authorize other tariffs, although some aspects of the court's reasoning appear to cast doubt on that possibility. Contrasting IEEPA with various statutes that give the President authority to impose tariffs, the court observed that, "whenever Congress intends to delegate to the President the authority to impose tariffs, it does so explicitly, either by using unequivocal terms like tariff and duty, or via an overall structure which makes clear that Congress is referring to tariffs." While IEEPA gives the President authority to "regulate" imports, the court held that "[t]he power to 'regulate' has long been understood to be distinct from the power to 'tax.'" For instance, the court observed that the Constitution separately grants Congress the power to impose tariffs and to "regulate" foreign commerce. The court also observed that "Congress has granted the power to regulate to the executive branch without delegating the power to impose tariffs" in other fields, such as securities and communications.

As an additional basis for its decision, the Federal Circuit held that the major questions doctrine weighed against construing IEEPA "as providing the President power to impose unlimited tariffs." Quoting Supreme Court precedent, the court explained that this doctrine requires clear statutory authorization when the executive branch takes action of such "vast 'economic and political significance'" that "there may be a 'reason to hesitate before concluding that Congress meant to confer such authority,'" including "where the Government has 'never previously claimed powers of this magnitude.'" Observing that "tariffs are a core Congressional power," that no President had previously used IEEPA to impose tariffs, and that the trafficking and worldwide tariffs have large economic effects, the court concluded that IEEPA did not provide sufficiently clear authorization to impose these tariffs.

The Federal Circuit finally considered the impact of *United States v. Yoshida International, Inc.*, a 1975 decision by its predecessor court, the U.S. Court of Customs and Patent Appeals. *Yoshida* held that the Trading With the Enemy Act (TWEA)—which contains the same "regulate . . . importation" language now found in IEEPA—authorized a 10% import surcharge that President Richard Nixon imposed for fewer than five months in 1971 to address a balance-of-payments emergency. The Federal Circuit did not hold that Congress "ratified" (adopted) *Yoshida*'s interpretation of "regulate . . . importation" when it enacted IEEPA, as the government claimed. Rather, the Court stated that even if Congress had ratified *Yoshida*, its holding supported tariffs that were limited "in time, scope, and amount" and would not sustain the worldwide and trafficking tariffs. (A separate Legal Sidebar provides analysis of *Yoshida*.)

Four judges signed on to a separate opinion offering additional views, which argued that "IEEPA does not authorize the President to impose any tariffs." First, the judges argued, "the plain meaning of 'regulate' does not include measures for raising revenue" but rather, in the context of IEEPA, refers to "measures like supply chain validation, quarantines, and known importer rules." Second, the judges argued, IEEPA should not be understood to "ratify" the meaning of "regulate" imparted by *Yoshida*, in part because the *Yoshida* court stated that it did not "approve in advance" other tariffs and stated that future tariffs to address balance-of-payments problems "must, of course, comply with" a law Congress had recently enacted for that purpose, Section 122 of the Trade Act of 1974. Finally, the judges argued, IEEPA would

violate the nondelegation doctrine if it allowed the President to impose tariffs, since it would place "neither quantitative nor qualitative restrictions" on tariffs.

Four other judges dissented on the merits while agreeing with the court that the case fell within the CIT's jurisdiction. Regarding the meaning of "regulate . . . importation" in IEEPA, the dissent argued there is "longstanding judicial recognition that taxes are often a species of regulation" and reasoned that "[t]axing through tariffs is just a less extreme, more flexible tool" for controlling imports than "prevent[ing] or prohibit[ing]" them, which IEEPA expressly authorizes. The dissent observed, for support, that the Supreme Court has held the President's authority to "adjust imports" under Section 232 of the Trade Expansion Act of 1962 to include authority for "license fees and duties." Regarding *Yoshida*, the dissent did not argue that Congress had "ratified" the case's holding by enacting IEEPA, but it offered that Congress's awareness of *Yoshida* "merely confirms that Congress must have understood the meaning of the text that is already clear from ordinary textual analysis." Where the court held that IEEPA would, at most, support tariffs that are limited in duration and magnitude, the dissent countered that "there is no textual support in . . . IEEPA for these constraints . . . ."

The dissent further argued that neither the major questions doctrine nor the nondelegation doctrine precluded the use of IEEPA to impose tariffs. It argued that the major questions doctrine did not apply because IEEPA intentionally gave the President broad and flexible authorities "involving emergencies touching foreign affairs," and the use of these authorities to impose tariffs was not "unheralded" in light of *Yoshida*. Regarding the nondelegation doctrine, the dissent argued that the "substantive constraints" of IEEPA—which provide that the law may be used only to "deal with" certain "unusual and extraordinary threat[s]"—are sufficient, and indicated that the Constitution permits more flexible delegations concerning the President's independent Article II powers regarding foreign affairs and national security. (The opinion of four judges offering additional views disputed that tariff authorities could be "subject to a lower non-delegation standard," suggesting the dissent's argument would undermine Congress's constitutional power over taxation.)

The dissent also disputed certain grounds that the CIT had given for its decision. The CIT held that Section 122, which gives the President limited authority to impose tariffs to address balance-of-payments problems, effectively "removes" such authority from IEEPA. The Federal Circuit dissent argued that Section 122 does not displace broader, overlapping powers IEEPA grants for use during an emergency. Further, Section 122 addresses "fundamental international payments problems"—such as President Nixon confronted in 1971—which the dissent argued are distinct from the goods trade deficit the President cited as the basis for the worldwide tariffs. (Another CRS publication provides analysis of Section 122.)

On September 9, 2025, the Supreme Court granted the government's request to review the Federal Circuit's decision on an expedited basis, stating that the case will be scheduled for oral argument in the first week of November 2025. The Federal Circuit has stayed its ruling until the Supreme Court enters a judgment.

Learning Resources, Inc. v. Donald Trump

On April 22, 2025, Learning Resources, Inc. and hand2mind, Inc., affiliated companies that make educational toys and products for children, filed a lawsuit in the U.S. District Court for the District of Columbia challenging both the trafficking tariffs and the worldwide tariffs (*Learning Resources, Inc. v. Donald Trump*). On May 30, the district court entered a preliminary injunction prohibiting the government from collecting the challenged tariffs from the plaintiffs and denied the government's motion to transfer the case to the CIT.

The district court in *Learning Resources* held that U.S. district courts—not the CIT—have jurisdiction over lawsuits challenging tariffs imposed under IEEPA. The district court rejected the argument that only the CIT may hear lawsuits challenging the imposition of tariffs. Analyzing the statutory grant of exclusive

CIT jurisdiction over a civil action against the government "that arises out of any law of the United States providing for" tariffs, the district court concluded that "the jurisdictional hook is the nature of the statute that a case arises out of"—in this case, IEEPA. Thus, the court determined that "[t]he jurisdictional question is tantamount to the principal merits question: whether IEEPA authorizes (or 'provid[es] for') tariffs." Because the district court held that "IEEPA does not authorize the President to impose tariffs," it concluded both that the CIT lacked jurisdiction and that the challenged tariffs were unlawful.

The district court set forth several reasons for its holding that IEEPA's grant of authority to "regulate . . . importation" did not include the authority to impose tariffs. The court observed that the Constitution separately grants Congress the power to impose "taxes" and "duties" and the power to "regulate" foreign commerce, indicating that regulation and tariffs are "not substitutes." The court further reasoned that the plain meaning of "regulate" does not encompass tariffs. Alluding to the major questions doctrine, the court observed that IEEPA could not have given the President "the power of taxing ordinary commerce from any country at any rate for virtually any reason" without a clear statement to that effect.

In addition, the district court reasoned, incorporating tariff authority into IEEPA would effectively repeal "comprehensive statutory limitations" that Congress had written into specific tariff authorities. Such limitations include Section 122's restrictions on the level and duration of tariffs the President may impose to address "large and serious United States balance-of-payments deficits." The court also cited historical practice, observing that no President used IEEPA to impose tariffs from its 1977 enactment until 2025.

Regarding *Yoshida*'s holding that the text "regulate . . . importation" in TWEA provided authority for some tariffs, the district court in *Learning Resources* explained that it was not bound by *Yoshida* and did not find it persuasive. The court characterized *Yoshida* as interpreting statutory text in light of Congress's purpose rather than the text's plain meaning—an approach to statutory interpretation at odds with more recent U.S. Supreme Court precedent. The court also reasoned that Congress would not have passed Section 122 if it had understood TWEA to provide the "same tariffing authority" as Section 122.

The government appealed the district court's order to the U.S. Court of Appeals for the D.C. Circuit, which scheduled oral argument for September 30, 2025. The district court has stayed its preliminary injunction pending appeal. On September 9, the Supreme Court granted the plaintiffs' petition to take up review of the case in advance of the D.C. Circuit's judgment and consolidated the case with *V.O.S. Selections*, with oral argument to take place in the first week of November 2025. The government has requested that the D.C. Circuit hold its proceedings in abeyance pending the Supreme Court's review.

Status of Selected Additional Lawsuits Challenging IEEPA Tariffs

Plaintiffs have filed several other lawsuits challenging tariffs imposed under IEEPA, but courts have not issued merits decisions in those cases. Two lawsuits challenging IEEPA tariffs are currently before the U.S. Court of Appeals for the Ninth Circuit. In April 2025, certain members of American Indian tribes filed suit in the U.S. District Court for the District of Montana, which concluded that the case fell within the CIT's exclusive jurisdiction and granted the government's motion to transfer the case to that court (*Webber v. U.S. Department of Homeland Security*). The same month, the State of California filed suit in the U.S. District Court for the Northern District of California, which dismissed the case after it, too, determined only the CIT had jurisdiction (*State of California v. Trump*). The plaintiffs in *Webber* and *State of California* appealed to the Ninth Circuit, which originally scheduled oral argument in both cases for September 17, 2025.

On September 12, the Ninth Circuit granted a motion by the government to stay its consideration of *State of California* until the Supreme Court issues a decision in *V.O.S. Selections* and *Learning Resources*, canceling the oral argument for that case, but denied the government's motion to stay *Webber*. The plaintiffs in *Webber* have filed a motion to intervene in *V.O.S. Selections* and *Learning Resources* at the

Supreme Court, arguing that their own case presents unique legal issues concerning American Indian commerce. The government opposes the motion.

The CIT has stayed other lawsuits pending the outcome of *V.O.S. Selections*. On April 3, 2025, Emily Ley Paper, Inc. filed a lawsuit in the U.S. District Court for the Northern District of Florida challenging the trafficking tariffs on imports from the PRC (*Emily Ley Paper, Inc. v. Trump*). Emily Ley later amended its complaint to include the worldwide tariffs. On May 20, the district court granted the government's motion to transfer the case to the CIT. Several companies filed a separate lawsuit challenging the trafficking tariffs and worldwide tariffs in the CIT on April 24 (*Princess Awesome, LLC v. U.S. Customs and Border Protection*). On June 16, the CIT stayed both *Emily Ley* and *Princess Awesome* "pending a final, unappealable decision" in *V.O.S. Selections* and *State of Oregon*. On June 24, Emily Ley filed a motion requesting that the CIT reconsider the stay, which the CIT denied on July 18.

One lawsuit filed in the CIT (*Axle of Dearborn, Inc. v. Department of Commerce*) challenges President Trump's use of IEEPA to suspend the de minimis exemption in 19 U.S.C. § 1321—which generally allows the duty-free importation of up to $800 of certain merchandise per person, per day—for imports from the PRC and Hong Kong. The plaintiff claims that IEEPA does not allow the President to override the de minimis provisions of Section 1321 and that the statute requires exceptions to the de minimis exemption to be made through notice-and-comment rulemaking. On July 28, 2025, the CIT denied the plaintiff's motion for a preliminary injunction and stayed the case pending "final resolution" of *V.O.S. Selections*. On September 5, following President Trump's action to suspend de minimis treatment for all countries, the plaintiff filed motions to amend their complaint to challenge this action and to lift the stay, arguing that their case raises distinct issues that will not be resolved in *V.O.S. Selections*.

Considerations for Congress

The U.S. Constitution grants the foreign commerce and tariff powers to Congress. As the Court of Customs and Patent Appeals observed in *Yoshida*, "no undelegated power to regulate commerce, or to set tariffs, inheres in the Presidency." Lawsuits challenging tariffs imposed under IEEPA hinge primarily on questions about what authorities that statute delegates to the President. Congress could potentially resolve those questions itself. For instance, Congress may consider amending IEEPA to clarify whether—or under what circumstances—it authorizes the President to impose tariffs. Congress may also consider legislation requiring enactment of a joint resolution of approval for the President to impose tariffs. In addition, Congress may use an existing provision of the NEA to terminate a national emergency and actions the President has taken under IEEPA by enacting into law a joint resolution of disapproval. A separate Legal Sidebar and CRS report provide further analysis of these and other options for Congress.

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