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Legal Sidebar

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

July 3, 2025

In 2025, President Donald Trump invoked the International Emergency Economic Powers Act (IEEPA) to impose tariffs on most U.S. imports. Several parties filed lawsuits asserting that IEEPA does not give the President legal authority to impose these tariffs. In May, two federal trial courts ruled that the tariffs imposed under IEEPA exceeded the scope of the President's authority, in cases captioned *V.O.S. Selections, Inc. v. United States* and *Learning Resources, Inc. v. Donald Trump*. The *V.O.S. Selections* ruling also covered a separate lawsuit filed by several U.S. states, *State of Oregon v. U.S. Department of Homeland Security*. Both of the trial courts' orders are currently stayed (paused) as higher courts consider appeals by the federal government.

This Legal Sidebar analyzes the lower court opinions in *V.O.S. Selections* and *Learning Resources*, summarizing the current status of those lawsuits and others challenging tariffs imposed under IEEPA. A separate Legal Sidebar analyzes legal debates over whether IEEPA gives the President authority to impose tariffs and judicial precedent regarding tariffs imposed under a pre-IEEPA emergency law.

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 and automobiles and parts 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 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

Congressional Research Service
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LSB11332

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.

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). The President has subsequently made several modifications to the trafficking tariffs and the worldwide tariffs.

Beginning in April 2025, several plaintiffs filed lawsuits challenging tariffs imposed under IEEPA. 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*). The CIT granted summary judgment in favor of the plaintiffs in both cases on May 29. In its opinion, the court held that IEEPA does not authorize any of the worldwide tariffs or trafficking tariffs.

First, the CIT was faced with deciding whether it had jurisdiction over the lawsuits. The CIT determined that plaintiffs' claims fell within its exclusive jurisdiction over civil actions against the United States under laws "providing for" tariffs. The court stated that "a challenge to a presidential action that imposes tariffs, duties, or other import restrictions is one that arises from a 'law providing for' those measures." The court's jurisdictional analysis did not appear to rest on a determination as to whether IEEPA actually authorized the President to impose tariffs. Rather, the court observed that it had jurisdiction regardless of whether plaintiffs' claims were ultimately "successful or not."

Turning to the merits of the lawsuit, the CIT first considered the worldwide tariffs. The court held that the worldwide tariffs were "ultra vires and contrary to law" since they would require interpretating IEEPA to give the Presidential tariff authority that is "unbounded . . . by any limitation in duration or scope." In determining that the words "regulate . . . importation" in IEEPA could not be read to give the President such broad authority, the court emphasized IEEPA's history as well as separation-of-powers concerns.

Based on legislative history, the CIT determined that Congress enacted IEEPA "to limit executive authority over international economic transactions" compared with a predecessor statute, the Trading with the Enemy Act (TWEA). The court also observed that Congress gave the President specific, limited authority to impose import restrictions to address balance-of-payments problems in Section 122 of the Trade Act of 1974, implying that IEEPA does not give the President more expansive authority to impose tariffs to address trade deficits. (Another CRS publication provides an overview of Section 122.)

Further, the CIT reasoned that separation-of-powers doctrines did not permit the words "regulate . . . importation" to be construed as giving the President "unlimited tariff authority." Under the nondelegation doctrine, the court observed, a statute must provide an "intelligible principle" to "constrain" the President's authority under a delegation from Congress. Thus, the court explained, a statute that allowed the President "to impose whatever tariff rates he deems desirable . . . would create an unconstitutional delegation of power." The court also cited the major questions doctrine, which requires Congress to "speak clearly" when it delegates authority of "vast economic and political significance," as further support for its holding. Describing both doctrines as "useful tools for the court to interpret statutes so as to avoid constitutional problems," the CIT concluded that "any interpretation of IEEPA that delegates unlimited tariff authority is unconstitutional."

The CIT also held, on separate grounds, that IEEPA did not authorize the trafficking tariffs. The text of IEEPA authorizes the President to take action "only . . . to deal with an unusual and extraordinary threat with respect to which a national emergency has been declared" and "not . . . for any other purpose." The court interpreted the words "deal with" to require a "direct link between an act and the problem it purports to address." The trafficking tariffs, it found, did not have such a direct link to the underlying drug trafficking emergency. The government argued that the tariffs "deal with" the trafficking emergency by putting pressure on foreign governments, but the court rejected this argument, reasoning that it would give the President practically unlimited authority to impose tariffs to gain "leverage."

The CIT distinguished its holding from *United States v. Yoshida International, Inc.*, a 1975 opinion of the U.S. Court of Customs and Patent Appeals holding that 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. In distinguishing *Yoshida*, the CIT observed that the President now seemed to be claiming "unlimited authority" to impose tariffs, that the present tariffs were not limited by maximum rates set by Congress, that the Nixon surcharge predated the enactment of Section 122, and that the Nixon surcharge dealt directly with the declared emergency. The CIT stopped short of holding that IEEPA does not authorize the President to impose any tariffs, a position arguably foreclosed by *Yoshida* insofar as it is binding precedent for the CIT. A separate Legal Sidebar provides further discussion of *Yoshida*.

The government has appealed the CIT's decision to the U.S. Court of Appeals for the Federal Circuit, which has stayed the CIT's injunction pending the appeal. The Federal Circuit has scheduled oral argument for July 31, 2025, and is set to hear the appeal en banc (before all of the court's judges).

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. Based on 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 district court's holding in *Learning Resources* was broader than that of the CIT in *V.O.S. Selections*. While the CIT had held that IEEPA did not authorize the trafficking tariffs or worldwide tariffs, the district court held that IEEPA does not authorize the President to impose any tariffs. Nevertheless, the scope of the district court's injunction was narrower than that of the CIT in *V.O.S. Selections*. While the CIT permanently enjoined the tariffs entirely, the district court entered only a preliminary injunction not to collect the tariffs from the named plaintiffs in the case before it.

The government has appealed the district court's order to the U.S. Court of Appeals for the D.C. Circuit, and the district court has stayed its preliminary injunction pending that appeal. The D.C. Circuit has scheduled oral argument for September 30, 2025—two months after the Federal Circuit's scheduled oral argument in *V.O.S. Selections*. On June 17, the *Learning Resources* plaintiffs filed a petition for the Supreme Court to grant review of the case in advance of the D.C. Circuit's judgment, to resolve the question of whether IEEPA authorizes tariffs. The plaintiffs argued this question was of "paramount importance" and that "[i]t will inevitably fall to this Court to resolve it definitively." On June 20, the Supreme Court denied the petition.

Status of Selected Additional Lawsuits Challenging IEEPA Tariffs

Plaintiffs have filed several other lawsuits challenging tariffs imposed under IEEPA, but courts have not yet issued merits decisions in those cases. For instance, two lawsuits challenging IEEPA tariffs are currently before the U.S. Court of Appeals for the Ninth Circuit. On April 4, 2025, certain plaintiffs 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*). On April 16, 2025, 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 that only the CIT had jurisdiction (*State of California v. Trump*). Plaintiffs in both cases appealed to the Ninth Circuit, which expects to hear oral argument in *Webber* and *State of California* in September 2025.

Other lawsuits are currently stayed by the CIT 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—which the CIT has not yet decided—requesting the court to reconsider the stay.

At least one additional lawsuit has specifically challenged 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 starting May 2, 2025. The plaintiff, an auto parts company, filed its complaint in the CIT on May 16 (*Axle of Dearborn, Inc. v. Department of Commerce*). In addition to challenging the President's authority to impose tariffs under IEEPA in general, 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, which has not occurred. On July 2, the CIT scheduled an oral argument for July 10 on the plaintiff's motion for a preliminary injunction as to its claims regarding the de minimis exemption. The CIT stayed the case as to the plaintiff's other claims pending "final resolution of all appellate review proceedings" in *V.O.S. Selections* and *State of Oregon*.

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." Thus, lawsuits challenging tariffs imposed under IEEPA hinge 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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