Tariff Ruling Is Put On Hold While Trump Administration Appeals

Court pauses decision that invalidated president's sweeping levies

By Jan Wolfe and Alex Leary Wall Street Journal

A federal appeals court has temporarily put on hold a ruling that <u>voided President Trump's tariffs</u> while it considers the administration's challenge to the lower-court decision.

In a brief order Thursday, the U.S. Court of Appeals for the Federal Circuit said it was pausing Wednesday's decision from the U.S. Court of International Trade until it can hear further legal arguments. The order, known as an administrative stay, didn't rule on the merits of the litigation. Administrative stays are common in emergency appeals.

The Federal Circuit, an intermediate appeals court in Washington, D.C., signaled it was prepared to move swiftly on the case, as the Trump administration had urged it to do. It asked a group of companies that challenged the tariffs to file a brief before June 5 laying out their arguments, and directed the Justice Department to reply by June 9. The order indicates the appeal will be heard by the full court, with 11 active judges participating.

The appeals court's move came as the Trump administration tried to secure a stay on the tariff ruling, which Justice Department lawyers said was "rife with legal error and upends President Trump's efforts to eliminate our exploding trade deficit and reorient the global economy on an equal footing," according to a filing with the Federal Circuit earlier on Thursday.

Lawyers for the administration had asked the appeals court to step in on an emergency basis. If not, they said they were prepared to ask the Supreme Court to intervene, "to avoid the irreparable national-security and economic harms at stake."

The administration's urgency underscores the stakes in the legal battle over tariffs for Trump's sweeping trade agenda. Since taking office, the president has wielded tariffs as leverage in hopes of bolstering the U.S. economy and manufacturing base, bringing other countries to the table to negotiate more favorable trade deals and pursuing other national-security policies.

Trump lashed out at the Court of International Trade panel that issued the decision—which included a judge he appointed during his first term, Timothy Reif—in a Truth Social post on Thursday night. "How is it possible for them to have potentially done such damage to the United States of America?" he wrote. "Is it purely a hatred of 'TRUMP'? What other reason could it be?"

"Hopefully, the Supreme Court will reverse this horrible, Country threatening decision, QUICKLY and DECISIVELY," he added.

Trump has invoked the International Emergency Economic Powers Act of 1977 to underpin most of <u>his second-term tariffs</u>—from duties on Canada, Mexico and China imposed over fentanyl smuggling to the far-reaching reciprocal tariffs levied in early April on <u>virtually every U.S. trading partner</u>.

A three-judge panel of the Court of International Trade, a tribunal in New York City, ruled Wednesday that Trump lacked authority under IEEPA to impose the levies.

"The court does not pass upon the wisdom or likely effectiveness of the President's use of tariffs as leverage," the panel wrote. "That use is impermissible not because it is unwise or ineffective, but because [IEEPA] does not allow it."

Trump, in his social-media post on Thursday, took particular umbrage at the court's holding that Congress had the power to authorize the tariffs. "In other words, hundreds of politicians would sit around D.C. for weeks, and even months, trying to come to a conclusion as to what to charge other Countries that are treating us unfairly," he wrote. "If allowed to stand, this would completely destroy Presidential Power—The Presidency would never be the same!"

Appeals from the Court of International Trade are heard by the Federal Circuit, and any further challenges from there are heard by the Supreme Court.

The Justice Department told the appeals court that pausing the ruling for now wouldn't harm the companies that brought the lawsuit because they would receive a refund, including interest, for tariffs paid if they ultimately prevail in the litigation.

Complicating the Trump administration's efforts to salvage its tariffs, a federal judge in Washington, D.C., on Thursday joined the Court of International Trade in holding that Trump's tariffs were unlawful.

U.S. District Judge Rudolph Contreras said the text of IEEPA, as well as historical practice, indicates that the law doesn't encompass the power to impose the sort of sweeping levies used by Trump.

"In the five decades since IEEPA was enacted, no President until now has ever invoked the statute...to impose tariffs," the judge wrote.

Contreras blocked the Trump administration from collecting tariffs from two businesses that brought the case before him: Learning Resources Inc. and hand2mind, which develop educational toys and products for children and manufacture most of their products in Asia.

Lawyers for the two companies had agreed not to seek a nationwide injunction, saying a more limited order would streamline the case.

Contreras said his injunction wouldn't go into effect until two weeks from Thursday, allowing the Trump administration time to appeal to the U.S. Court of Appeals for the District of Columbia Circuit.