

# The Supreme Court ends the challenge to the executive branch's authority to modify Section 301 tariffs

June 2026

On June 15, 2026, the US Supreme Court denied the petition for the writ of *certiorari* filed by HMTX Industries, LLC to challenge the Office of the US Trade Representative's (USTR) authority under Section 307 of the Tariff Act of 1974 to modify existing Section 301 tariffs.

Most immediately, the US Supreme Court's denial of the petition marks the end of the efforts from importers to force USTR to rollback its List 3 and List 4A modifications of the initial Section 301 tariffs levied on China after the conclusion of its Section 301 investigation. More broadly, it ends what has been a years-long effort by importers that may have resulted in some guardrails on the president's Section 301 tariff authorities.

## Background of the Section 301 tariff litigation

- In August 2017, during President Donald Trump's first term, USTR launched a Section 301 investigation into China's trade practices that concluded in March 2018, and resulted in the imposition of 25% tariffs on a variety of goods included in List 1 and List 2 created by USTR as in the remedy stage.
- Following Chinese retaliation in response to the initial Section 301 tariffs, USTR announced modifications to the initial Section 301 tariffs via release of List 3 and List 4A effective in 2018 and 2019, respectively. List 3 and List 4A included new tariffs on a variety of goods that were different than those on List 1 and List 2.
- The imposition of the additional tariffs led thousands of importers to file lawsuits at the Court of International Trade (CIT) in 2020 to challenge (1) the use of Section 301 in response to China's retaliatory tariffs, and (2) USTR's modification of the initial Section 301 tariffs by expanding the universe of goods subject to the tariffs.
- After a procedural victory for the petitioners in 2022, the CIT ruled in favor of the government in 2023, upholding the List 3 and List 4A tariffs as lawful exercises of authority under Section 301.
- In 2025, importers escalated the litigation by filing an appeal to the US Court of Appeals for the Federal Circuit. The petitioners failed to convince the court that USTR's authority to modify Section 301 tariffs pursuant to Section 307 is limited to modest adjustments, rather than entirely new tariffs. The US Court of Appeals for the Federal Circuit upheld List 3 and List 4A tariffs in full. The plaintiffs subsequently filed a writ of *certiorari* seeking Supreme Court review of the appeals court's decision.

## Impact on importers

With the US Supreme Court's denial to hear the petitioner's case, the appellate path for importers to challenge these Section 301 tariffs is exhausted and the decision by the US Court of Appeals for the Federal Circuit stands. As a result, the Section 301 tariffs are upheld, the government can continue to collect them and the government will not have to refund importers for duties paid.

All consolidated cases filed by thousands of importers after HMTX Industries, LLC will either be dismissed or decided in accordance with the precedent set by the US Court of Appeals for the Federal Circuit.

Importers can expect that with the courts' blessing of the government's broad interpretation of the modification authority under Section 307, USTR may decide to impose additional tariffs with respect to this Section 301 investigation and others in the future.

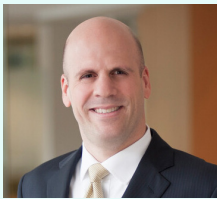
## Next steps

In the short-term, importers should focus on optimizing operational and compliance strategies, such as supply chain reviews and adjustments, as well as tariff mitigation via robust tariff classification and country of origin analyses of their products. Importers can potentially reduce their tariff liability if products are sourced from outside of China, and ensure that the correct tariff classification and country of origin of their products are declared at entry.

Looking ahead, importers can participate in USTR's periodic reviews of imposed Section 301 tariffs. By statute, the Section 301 tariffs expire after four years unless an interested party requests their continuation. At that time, importers can submit comments to advocate for their termination. Outside of the statutory timeline, USTR may launch periodic reviews in response ongoing or new trade issues and hold public hearings where importers can further argue that the Section 301 tariffs should be abandoned. Additionally, at USTR's discretion, importers can have opportunities to apply for product specific exclusions to reduce their duty liability. USTR recently launched the second four-year review of the Section 301 tariffs, and is currently accepting comments from interested parties on whether to continue the action. Later this year, USTR may open a second comment window focused on potential tariff modifications.

Finally, importers can engage Congress to advocate for changes in Section 301 authority or refund legislation. Importers can also engage the executive branch on ways to achieve alignment between the government's trade policy goals and importers' commercial realities across various tariff frameworks.

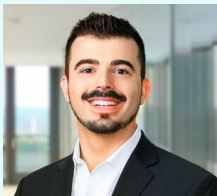
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