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## Delaware Supreme Court Upholds DGCL Amendments Creating Conflict Transaction Safe Harbors

*By Michael J. Aiello, John A. Neuwirth, Matt Barr, and Evert J. Christensen*

We have [previously commented](#) on the March 2025 amendments to Section 144 of the Delaware General Corporation Law (“DGCL”), which provide safe harbors for conflict transactions, including transactions with controlling stockholders.

Shortly after the statutory safe harbors were enacted, a stockholder plaintiff filed a lawsuit in the Delaware Court of Chancery raising two challenges to the constitutionality of the DGCL safe harbor amendments under the Delaware Constitution. First, the stockholder asserted that the safe harbors cause an unconstitutional reduction of the Court of Chancery’s equity jurisdiction by eliminating equitable relief and awards of damages in certain situations. Second, the stockholder alleged that retrospective application of the amendments was unconstitutional because it deprived him of a property right in his breach of fiduciary duty claim without due process. The Court of Chancery certified the constitutional questions to the Delaware Supreme Court.

On February 27, 2026, in *Rutledge v. Clearway Energy Group LLC*, No. 248, 2025 (Del. Feb. 27, 2026), the Delaware Supreme Court upheld the safe harbors, holding that the statutory amendments did not violate the Delaware Constitution because they “neither divest the Court of Chancery of its constitutionally derived equity jurisdiction nor do they impermissibly extinguish any discernible vested right.”

We continue to believe that the enactment of the DGCL safe harbors should mitigate certain litigation risks and transaction costs, in addition to providing greater certainty for transaction planners.

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