Chevron Doctrine Overruled: U.S. Supreme Court Upends Longstanding Foundation of Administrative Law

A Practical Guidance® Article by
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The U.S. Supreme Court on June 28 decided *Loper Bright Enterprises v. Raimondo and Relentless v. Department of Commerce*, overruling the *Chevron* doctrine that for four decades has required federal courts to defer to administrative agencies' interpretations of ambiguous or broad statutes. The doctrine was a foundation of administrative law and afforded successive US presidential administrations flexibility to interpret statutes via agency adjudications and rulemaking. The Court's decision will have substantial impact on both regulated industries and agencies.

With the *Loper Bright* and *Relentless* decision, courts must now interpret federal statutes without deference to agency interpretations and instead based on standard statutory interpretation tools, including plain language and congressional intent, as they do in all other cases involving federal statutes.

Background: Chevron's Historical Significance

Since at least 1984, federal courts have played a limited role in reviewing administrative agencies' rules and orders—with the premise that where a statute is ambiguous, federal administrative agencies have a primary role in interpreting and enforcing them. In *Chevron U.S.A. v. Natural Resources Defense Council*, the US Supreme Court held that administrative agencies' interpretations of federal statutes must not be disturbed unless the agency has adopted an unreasonable or impermissible position, or alternatively has violated another statutory obligation, such as the procedure used to adopt the decision or rule.

As a practical matter, the *Chevron* doctrine protected many agency interpretations from being reversed by courts—even novel positions or those that conflicted or changed with successive US presidential administrations, all while the underlying statutory text remained the same.

The Supreme Court's Decision

In *Loper Bright* and *Relentless*, the Court first concluded that the *Chevron* doctrine was inconsistent with the Administrative Procedure Act (APA) and the general rule

that courts "say what the law is," citing *Marbury v. Madison*. The Court went on to emphasize the purported negative impacts of the federal courts deferring to executive branch agencies, then unequivocally announced "*Chevron* is overruled. … [C]ourts need not and under the APA may not defer to an agency interpretation of the law simply because a statute is ambiguous."

Instead, a court reviewing an agency rule or order "shall decide all relevant questions of law" and "interpret constitutional and statutory provisions" in alignment with Section 706 of the APA that states that courts, not agencies, decide "all relevant questions of law." Though courts may consider an agency's perspective or position, they cannot defer to it but "must exercise their independent judgment in deciding whether an agency has acted within its statutory authority."

Going forward, courts will "use every tool at their disposal to determine the best reading of the statute," even if the same statute previously might have been deemed unclear or ambiguous, thus triggering deference to agency interpretation.

The Court disagreed with arguments that agency expertise warrants judicial deference because agencies may be more capable of interpreting highly technical, agency-specific subject matter: "[E]ven when an ambiguity happens to implicate a technical matter, it does not follow that Congress has taken the power to authoritatively interpret the statute from the courts and given it to the agency. Congress expects courts to handle technical statutory questions."

Recognizing the substantial impact of its decision on any federal administrative statute molded by *Chevron* deference, the Court cautioned that the decision does not overrule prior decisions where a court relied on the *Chevron* doctrine to uphold an agency rule or order. At the same time, the Court did not address—and thus left open the possibility—that *Loper Bright* and *Relentless* may provide a new basis for challenging old decisions or rules, whether through new administrative proceedings or through new judicial challenges.

Organizations involved with pending or future administrative agency actions should expect a coordinated rebuttal from agencies seeking to minimize the impact of *Loper Bright* and *Relentless* and to argue that they have adopted the "correct" statutory interpretation and that even without "deference" the court should side with the agency. Further, while affirming the power and responsibility of courts to interpret federal statutes, the Court acknowledged that some statutes *expressly delegate* interpretive power to agencies for select statutory text and that other statutes give agencies flexibility to adopt "appropriate" or "reasonable" requirements. The decision holds that, for statutes like those, "courts must respect the [express congressional] delegation, while ensuring that the agency acts within it."

Practical Guidance: What It Means and What's Next

Any organization that is subject to federal regulation—including virtually every business operating in the United States—is likely to be affected by this Supreme Court decision which has the potential to impact all federal agency actions—including investigations, enforcement actions, adjudications and appeals, and rulemakings. The decision may provide opportunities to raise new or enhanced arguments at various stages of proceedings to support or oppose an agency's interpretation, as well as new proactive challenges to existing agency rules or standards.

This is especially true with respect to agency disputes pending in the federal courts, including rulemaking challenges or agency decision appeals. We can help analyze the ways in which your business or industry may be affected.

Stay Informed

- Don't miss our Chevron Overruled: What It Means and What's Next webinar on Tuesday, July 2, from 2:00–3:00 pm ET that will discuss strategies for (1) challenging previously approved and/or uncontested agency rules and orders; (2) impacting agency rulemaking; (3) defending against agency investigations, enforcement, and adjudications; and (4) appealing agency decisions or orders.
- Additional guidance will follow, including for the life sciences and energy industries, tax, intellectual property, labor and employment, and white-collar considerations.
- For the latest on evolving developments around the *Chevron* decision and its impact, subscribe to our Chevron Doctrine mailing list.

If you have any questions or would like more information on the issues discussed in this LawFlash, please contact the authors or any member of our Chevron Task Force.

Related Content

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- Industry Self-Regulation Will Shine Post-Chevron

Cases

- Loper Bright Enters. v. Raimondo, Nos. 22-451, 22-1219, 2024 U.S. LEXIS 2882 (June 28, 2024)
- Loper Bright Enters. v. Raimondo, 458 U.S. App. D.C. 600, 45 F.4th 359 (2022)
- Relentless, Inc. v. United States DOC, 62 F.4th 621 (1st Cir. 2023)
- Chevron, U.S.A., Inc. v. NRDC, Inc., 467 U.S. 837 (1984)

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