No. 26-__

IN THE

Supreme Court of the United States

OFFICIAL COMMITTEE OF TALC CLAIMANTS,

Petitioner,

v.

WHITTAKER, CLARK & DANIELS, INC., ET AL.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Third Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Section 541(a)(1) of the Bankruptcy Code defines "property of the estate" to include "all legal or equitable interests of the debtor in property as of the commencement of the case." 11 U.S.C. § 541(a)(1). "Property interests," in turn, "are created and defined by state law." *Butner v. United States*, 440 U.S. 48, 55 (1979). Accordingly, eight courts of appeals to consider the question have held that state law determines whether a creditor's cause of action against a nondebtor third party is a property interest of the debtor and thus constitutes "property of the estate."

In this case, the Third Circuit refused to consider state law—and indeed, held that consideration of state law was "not necessary"—when it concluded that certain creditors' claims were property of the bankruptcy estate. Pet. App. 39a n.21. The question presented is:

Whether a creditor's claim against a nondebtor third party can be "property of the estate" under 11 U.S.C. § 541(a)(1) when, before the bankruptcy, the debtor could not have asserted the claim on its own behalf under governing state law.

PARTIES TO THE PROCEEDING

Petitioner Official Committee of Talc Claimants was intervenor-appellant in the United States Court of Appeals for the Third Circuit and intervenor in the adversary proceeding in the United States Bankruptcy Court for the District of New Jersey.

Respondents Whittaker, Clark & Daniels, Inc., Brilliant National Services, Inc., L.A. Terminals, Inc., and Soco West, Inc. were plaintiffs-appellees in the court of appeals and debtors-plaintiffs in the adversary proceeding in the bankruptcy court.

Berkshire Hathaway Inc. (BRK-A; BRK-B), National Indemnity Company, National Liability & Fire Insurance Company, BH Columbia Inc., Columbia Insurance Company, Ringwalt & Liesche Co., and Resolute Management, Inc.were defendant-intervenor-appellees in the court of appeals and defendant-intervenors in the adversary proceeding in the bankruptcy court.

Peter Protopapas was a separate appellant in the consolidated proceedings before the court of appeals and an interested party in the bankruptcy court. Protopapas has not joined this petition and has petitioned separately for a writ of certiorari from the decision below. Petitioner has not joined the Protopapas petition.

Other parties listed on the Opinion have no interest in this Petition insofar as they did not participate in the appeal in the Third Circuit.

RELATED PROCEEDINGS

This petition arises from the decision of the United States Court of Appeals for the Third Circuit in *In re Whittaker, Clark & Daniels, Inc.*, No. 25-1044, which was consolidated for purposes of decision with two other appeals: *In re Whittaker, Clark & Daniels, Inc.*, No. 24-2210 and *Official Committee of Talc Claimants v. Whittaker, Clark & Daniels, Inc.*, No. 24-2211. The Third Circuit's decision was entered on April 27, 2026. The receiver has filed a separate petition for a writ of certiorari from that decision in *Protopapas v. Whittaker Clark & Daniels, Inc.*, No. 26-159.

The Third Circuit appeal at issue in this petition arose from proceedings in the United States Bankruptcy Court for the District of New Jersey in *In re Whittaker, Clark & Daniels, Inc.*, Adv. P. No. 23-01245 and *In re Whittaker, Clark & Daniels, Inc.*, No. 23-13575 (jointly administered alongside *In re Whittaker, Clark & Daniels, Inc.*, No. 23-13533). The Bankruptcy Court's order was entered on August 28, 2024.

The other two Third Circuit appeals arose from the United States District Court for the District of New Jersey, *Protopapas v. Whittaker, Clark & Daniels, Inc.*, No. 23-cv-4151, where decision was entered on May 31, 2024.

This petition also relates to proceedings in the South Carolina Court of Common Pleas in *Sarah J. Plant & Parker Plaint v. AVON Products, Inc., et al.*, No. 2022-CP-40-01265 and *Kelly Payne Clark and Shannon Payne Lancaster, as Co-Executors of the Estate of Shelby Linville Payne, deceased v. 3M Company, et al.*, 2022-CP-40-01281.

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INTRODUCTION

This case presents the question whether a creditor's tort claims against a nondebtor third party can become property of a bankruptcy estate even when the debtor itself could not have asserted those claims under applicable non-bankruptcy law. The resolution of that question has now divided courts of appeals and will have sweeping implications for mass-tort bankruptcies: If such claims are property of the estate, the tortfeasor debtors themselves can extinguish those claims in conflicted transactions among co-tortfeasors, without the consent of or compensation for the injured victims.

For decades, Whittaker, Clark & Daniels, Inc. (WCD) and its affiliates (collectively, the Debtors) sold asbestos-contaminated talc, resulting in claims by thousands of victims who developed mesothelioma—a fatal disease. Facing mounting liability, the Debtors sold their operating business to a new corporation, Brenntag, leaving behind only corporate shells with limited assets. Those shells were ultimately acquired by Berkshire Hathaway (Berkshire), which agreed to indemnify Brenntag for any Debtor-related liability. Berkshire gambled that the profits from investing the shells' remaining assets would outpace the talc liabilities. That turned out to be a losing bet.

Now on the hook to backstop Brenntag's mounting liability as the successor to WCD, Berkshire turned to the bankruptcy system to shield Brenntag and itself from liability—"without securing the consent of those affected or placing anything approaching their total assets on the table," *Harrington v. Purdue Pharma L.P.*, 603 U.S. 204, 209 (2024). The bankruptcy court rewarded this gambit, issuing an order effectively blocking every successor-liability claim mesothelioma victims have against Brenntag across the country on the theory that those claims belong to the Debtors, not the victims. The court's order even swept in tort claims premised on a "product line" theory of liability—an important strict-liability state-law remedy available only to victims injured by a defective product line that is later sold to and operated by another company. The Third Circuit affirmed, holding that the victims' claims were property of the estate even though the Debtors could not themselves have asserted those claims under state law.

That holding contravenes the Bankruptcy Code and this Court's precedent and creates a split with every other circuit to address this issue. The plain text of the Code limits "property of the estate" to the prepetition "legal or equitable interests of the debtor in property." 11 U.S.C. § 541(a)(1). And this Court has long held that "[p]roperty interests" in bankruptcy are "created and defined by state law." *Butner v. United States*, 440 U.S. 48, 55 (1979). Thus, prior to this decision, all eight courts of appeals to address the question have uniformly concluded that a claim is property of the estate only if, before the bankruptcy, the debtor could have asserted that claim under applicable state law. Only then can the claim possibly be considered a prepetition "interest[] of the debtor in property."

In the decision below, the Third Circuit split from that uniform view, holding that consideration of state law is unnecessary to determine whether a creditor's claim is property of the estate. Instead, the court held that successor-liability claims were property of the estate solely because they implicated facts about the successor's relationship with the manufacturer even though those claims could be asserted only by affected tort victims. In so doing, the court transferred control of the victims' claims to the very tortfeasors who injured them and enabled those tortfeasors to settle with their corporate allies for pennies on the dollar.

The decision below blesses a grave injustice—while departing from the plain text of the Bankruptcy Code, this Court's prior precedent, and decisions from other circuits. And it hands corporate tortfeasors a roadmap to extinguish state-law remedies against solvent nondebtors over even uniform objection by the victims themselves—even though this Court recently disapproved of a similar evasion of bankruptcy limits in *Purdue*. This Court should grant the petition and reverse.

OPINIONS BELOW

The amended opinion of the court of appeals granting panel rehearing and denying rehearing en banc (Pet. App. 1a-99a) is published at 176 F.4th 241. The original opinion of the court of appeals (Pet. App. 100a-182a) is published at 152 F.4th 432. The bankruptcy court's opinion granting summary judgment (Pet. App. 195a-243a) is published at 663 B.R. 1.

JURISDICTION

The Third Circuit issued its initial decision on September 10, 2025. Pet. App. 100a-182a. On April 27, 2026, the court granted panel rehearing, denied rehearing en banc, and issued an amended opinion without altering the disposition. Pet. App. 1a-99a. On July 14, 2026, Justice Alito extended petitioner's time to petition for a writ of certiorari to August 25, 2026. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Relevant constitutional and statutory provisions are reproduced in the appendix to this petition. Pet. App. 248a-265a.

STATEMENT OF THE CASE

A. Legal Background

The filing of a bankruptcy petition automatically "creates an estate" that is the subject of the bankruptcy. 11 U.S.C. § 541(a). The "[p]roperty of the estate" is defined in Section 541 of the Bankruptcy Code. As relevant here, that provision states that the estate consists of "all legal or equitable interests of the debtor in property as of the commencement of the case." *Id.* § 541(a)(1). Section 541 does not further define when a debtor has a "legal or equitable interest[]" in property. 5 Collier on Bankruptcy ¶ 541.03 (16th ed. 2026). Section 541, however, does enumerate certain exceptions to the general rule. *See* 11 U.S.C. § 541(b), (c)(2). For example, "[p]roperty of the estate does not include" "any power that the debtor may exercise solely for the benefit of an entity other than the debtor." *Id.* § 541(b)(1).

It is well-established that a cause of action that belongs to a debtor can constitute property of the estate under Section 541. *See United States v. Whiting Pools, Inc.*, 462 U.S. 198, 205 n.9 (1983). In situations where a debtor and a creditor each claim an interest in a cause of action against a third party, the question whether the cause of action is "property of the estate" has significant implications for the creditor's ability to assert the cause of action. Courts have consistently held that the trustee or the debtor-in-possession has exclusive authority during the bankruptcy to pursue a cause of action that belongs to the estate. *See In re Wilton Armetale, Inc.*, 968 F.3d 273, 280 (3d Cir. 2020); *In re Icarus Holding, LLC*, 391 F.3d 1315, 1319 (11th Cir. 2004); *In re Van Dresser Corp.*, 128 F.3d 945, 947 (6th Cir. 1997). Thus, when a claim belongs to the estate, the creditor loses the authority to prosecute, settle, or release it; instead, the trustee or debtor-in-possession can compromise or settle the claim without the creditor's consent. *See* Fed. R. Bankr. P. 9019 (authorizing trustee to compromise or settle claims with only notice to, not consent of, the creditors).

B. Factual Background

For decades, WCD was one of the largest talc and industrial compound distributors in the United States. WCD's products contained asbestos-contaminated talc that exposed countless people to asbestos, resulting in mesothelioma and other asbestos-related diseases and billions of dollars in tort liability.

In 2004, WCD's then-parent sold substantially all of WCD's operating assets to Brenntag, leaving behind only shell companies to manage asbestos and environmental liability from the former businesses. Those shells were ultimately acquired by Berkshire's reinsurance arm, which agreed to indemnify Brenntag for any Debtor-related liability. Having taken over the product line, Brenntag assumed WCD's operations by selling the same talc products itself. Accordingly, many talc claimants asserted claims against Brenntag, seeking to hold Brenntag liable as WCD's successor.

There are several exceptions to the general rule that a successor company is not responsible for the debts and liabilities of the predecessor company. For example, the product-line doctrine, recognized in California, New Jersey, and other jurisdictions, seeks to protect "otherwise defenseless victims of manufacturing defects" against risks related to "the [s]preading throughout society of the cost of compensating them." *Ray v. Alad Corp.*, 560 P.2d 3, 8–9 (Cal. 1977) (citation omitted). To advance the state's "social policies[,]" the doctrine imposes liability on a successor when the successor "benefits from trading its product line on the name of the predecessor and takes advantage from its accumulated good will, business reputation and established customers." *See generally Ramirez v. Amsted Indus., Inc.*, 431 A.2d 811, 825 (N.J. 1981).

C. Proceedings Below

After a talc claimant attempted to place WCD in receivership in 2023, the company and three affiliates filed chapter 11 bankruptcy petitions in the District of New Jersey. The Debtors then initiated an adversary proceeding and moved for a declaration that talc victims' claims against nondebtors like Brenntag were property of the estate, which would mean that the Debtors—not the victims—have control over the disposition of those claims. Petitioner opposed the Debtors' motion, arguing that many of the successor-liability claims, including those premised on the theory that Brenntag continued to operate the same product line as WCD, belonged to the victims, not the estate, because only victims could bring such claims under the relevant state laws.

The bankruptcy court disagreed and granted summary judgment in favor of the Debtors, effectively ending all pending successor-liability claims against Brenntag across the country. Days after securing summary judgment, the Debtors moved to approve a settlement—negotiated with their own indemnitor and corporate parent—that would release Brenntag and Berkshire from every successor-liability claim the order swept into the estates.

The bankruptcy court subsequently certified its order for direct appeal, Pet. App. 183a-186a, and the Third Circuit accepted the appeal under 28 U.S.C.

§ 158(d)(2), C.A. Dkt. 1.[1] A panel of the Third Circuit affirmed, and petitioner sought rehearing en banc.

In April 2026, the Third Circuit denied rehearing en banc but issued an amended opinion that reached the same result, holding that all successor-liability claims against Brenntag—including product-line claims—belonged to the bankruptcy estate. Pet. App. 37a.

The court recognized that "[t]he basic idea" underlying Section 541(a)(1) "is that state law defines a debtor corporation's property interests, whereas federal law governs whether those interests are swept into its bankruptcy estate." Pet. App. 28a. And the court did not dispute that before the bankruptcy, the Debtors lacked an independent right to assert product-line and other liability claims against Brenntag under the relevant state law. Nor did the court contest that the Debtors' creditors had suffered individualized injuries as a result of the Debtors' (and subsequently Brenntag's) sale of talc-containing products. *See id.* at 40a.

The court nonetheless concluded that the product-line claims were property of the estate. Pet. App. 46a. In reaching that conclusion, the court rejected as

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[1] The Third Circuit also consolidated the appeal with separate appeals from the district court's order affirming the bankruptcy court's denial of a motion to dismiss the bankruptcy proceeding. C.A. Dkt. 5. The Third Circuit ultimately affirmed that order, concluding that WCD properly filed for bankruptcy notwithstanding the pending receivership order and that the *Rooker-Feldman* doctrine was inapplicable. Pet. App. 23a n.7. The receiver has separately sought certiorari on that issue, which is not presented by this petition. *See* Pet. for Cert., *Protopapas v. Whittaker Clark & Daniels, Inc.*, No. 26-159 (July 24, 2026).

"unworkable" the rule adopted by other courts "that a claim is property of the estate when applicable non-bankruptcy law authorized the debtor corporation to assert it prior to bankruptcy, and the claim vindicates an injury to the debtor corporation that created a secondary injury to all creditors." *Id.* at 31a-32a. The court expressed concern that such a rule would "subvert" the Bankruptcy Code's goals of "enabl[ing] [the] orderly administration and equitable distribution to all creditors of the bankrupt entity's estate." *Id.* at 39a. Accordingly, the court held that "a claim may constitute property of the estate notwithstanding whether the debtor corporation was authorized to assert it outside of bankruptcy," *id.*, and that "a debtor corporation's ability to assert a claim under applicable non-bankruptcy law is sufficient—but not necessary—for that claim to constitute property of the estate." *Id.* at 39a n.21.

Applying those principles, the court declined to consider whether state law authorized the Debtors to assert the tort-related claims pre-bankruptcy. Instead, the court concluded that those claims were property of the estate—even though they arose from harms unique to the tort victims and no evidence indicated that a prepetition debtor could ever bring such claims—because the claims "turn[] on the successor's relationship with the manufacturer," not facts "specific to the creditor." Pet. App. 40a (citation omitted). The court thus adopted a sweeping rule: Any claim that depends on the successor's relationship to a debtor is for the Debtors to pursue and settle, not the individual tort victims—even if the Debtors could not sue under state law.[2]

REASONS FOR GRANTING THE PETITION

The decision below warrants this Court's review. The Third Circuit stands alone among the courts of appeals in holding that a creditor's claim against a third party may be swept into a bankruptcy estate without regard to whether state law gave the debtor any right to assert that claim prior to bankruptcy. This holding is wrong: It contradicts the text of Section 541(a)(1) and this Court's repeated instruction that state law defines property interests in bankruptcy.

The question presented is exceptionally important. Control over victims' claims determines who may settle and extinguish them in every mass-tort bankruptcy—and the decision below supplies a blueprint for evading both the consent requirements of *Purdue* and the Code provisions that specifically govern releases in the context of asbestos-related bankruptcies. This case presents the question cleanly in a square holding that was dispositive below. This Court should grant review and reverse.

[2] Departing from controlling precedent and other courts, the bankruptcy court alternatively held that Sections 544(a) (the so-called "strong arm clause") and 541(a)(7) of the Bankruptcy Code authorize Debtors to assert a successor-liability claim against Brenntag even outside the familiar context of avoidance actions. The Committee explained why that is wrong, and the Third Circuit declined to consider the issue, instead focusing only on Section 541(a)(1). Pet. App. 14a-15a n.5.

I. The Decision Below Creates a Circuit Split on the Question Whether State Law Determines When a Claim Is Property of the Estate.

For decades, every circuit to address the question has held that state law determines whether a creditor's cause of action against a third party is property of the bankruptcy estate. Beginning shortly after the Code was enacted and continuing to the present day, eight courts of appeals have consistently held that a claim cannot be property of the estate unless the debtor itself could have asserted that claim under governing state law before the bankruptcy petition was filed. Every circuit to consider the issue, in other words, has treated a debtor's state-law capacity to assert a claim as indispensable for the claim to qualify as property of the estate.

The court below is the first and only court of appeals to hold otherwise. The court affirmatively held that it is "not necessary" for a debtor to be able to assert a cause of action under state law "for that claim to constitute property of the estate," Pet. App. 39a n.21, contrasting sharply with the uniform approach of the eight other courts to address this question. This Court's intervention is necessary to resolve this conflict and restore uniformity to a critical area of federal bankruptcy law.

A. Eight other circuits have held that a claim can only qualify as property of the estate if the debtor could assert the claim under state law.

Since the Code was enacted, eight circuits have held that a creditor's claim against a third party is "property of the estate" under Section 541(a)(1) only if the debtor itself could have asserted the claim under state law before the bankruptcy. Those circuits have adhered to that rule even when the relevant state law was unclear and even when the general character of the claim affected all creditors equally.

1. The Eighth Circuit was one of the first courts of appeals to adopt this rule. In *In re Ozark Restaurant Equipment Co. v. Anderson*, 816 F.2d 1222 (8th Cir. 1987), the court considered whether an alter-ego claim was "property of the estate" under Section 541. Alter-ego claims generally seek to "pierce the corporate veil" and hold shareholders, officers, or directors personally liable for a corporation's debts on the theory that the corporation lacks a separate identity. *See* 1 Fletcher Cyc. Corp. § 41.10.

In assessing whether such a claim constitutes "property of the estate," the Eighth Circuit began with the text of Section 541. The court explained that Section 541 contains "key limiting language"—namely the "property of the estate comprises only 'legal and equitable interest *of the debtor*.'" *In re Ozark*, 816 F.2d at 1224 (citation omitted). Thus, "it is clear that causes of action belonging to the *debtor* at the commencement of the case are included within the definition of property of the estate." *Id.* at 1225. "Where, however, 'the applicable state law makes such obligations or liabilities run to the corporate creditors personally, rather than to the corporation, such rights of action are not assets of the estate under Section 541(a).'" *Id.* (quoting 4 Collier on Bankruptcy ¶ 541.10[8] at 541-69 to 541-70 (14th ed. 1978)).

Applying these principles, the Eighth Circuit held that the alter-ego claims at issue were not "property of the estate" under Section 541(a)(1). *In re Ozark*, 816 F.2d at 1225. The court explained that the debtor was an Arkansas corporation, and in Arkansas, "courts have held that '[a] corporate entity is to be disregarded only if the corporate structure is illegally or fraudulently abused *to the detriment of a third person*.'" *Id.* (citation omitted). "Thus, the obligations and liabilities of an action to pierce the corporate veil in Arkansas do not run to the corporation, but to third parties, *e.g.*, creditors of the corporation." *Id.* Similarly, "the nature of the alter ego theory of piercing the corporate veil makes it one personal to the corporate creditors rather than the corporation itself." *Id.* The court therefore concluded that "it is axiomatic that the claim does not become property of the estate under Section 541(a)(1)." *Id.*

The Sixth Circuit followed suit in *In re RCS Engineered Products Co.*, 102 F.3d 223 (6th Cir. 1996). There, the court considered whether, under Michigan law, a creditor's alter-ego claim against the debtor's parent company qualified as property of the estate. The court recognized that "[w]hether a particular cause of action is available to the debtor, and thus constitutes 'property of the estate,' is determined by state law." *Id.* at 225. And the court acknowledged that no "Michigan court [had] specifically addressed this issue." *Id.* The court nonetheless concluded that alter-ego claims were not property of the estate because "[a] review of Michigan alter ego cases and basic principles of the law of corporations leads us to conclude . . . that under Michigan law a subsidiary does not have standing to sue its shareholders or its parent company under an alter ego theory," and the debtor therefore could not have brought the alter ego claim itself prior to bankruptcy. *Id.* at 226.

2. The Second, Fourth, Fifth, and Seventh Circuits have similarly held that state law determines whether a claim is "property of the estate" under Section 541(a)(1), reaching different conclusions on whether claims qualify based only on the differing state laws at issue.

The Second and Fifth Circuits each considered whether a debtor has a property interest in a creditor's alter-ego claim under Texas law. Both courts agreed that the question "[w]hether a particular state cause of action belongs to the estate depends on whether under applicable state law the debtor could have raised the claim as of the commencement of the case." *In re Educators Grp. Health Tr.*, 25 F.3d 1281, 1284 (5th Cir. 1994); *see Kalb, Voorhis & Co. v. Am. Fin. Corp.*, 8 F.3d 130, 132 (2d Cir. 1993) (whether a cause of action "belong[s] to the debtor or the individual creditors is a question of state law" (citation omitted)). And both courts ultimately concluded that those claims were property of the estate because "under Texas law, the bankruptcy trustee or debtor-in-possession has exclusive standing to assert veil-piercing claims on behalf of a bankrupt corporation." *Kalb*, 8 F.3d at 133; *In re Educators Grp.*, 25 F.3d at 1284 (explaining that an action based on an alter-ego theory properly belonged to the estate because "the debtor could have pierced its own corporate veil under Texas law"). The Second Circuit recognized that other courts had reached different results, but the court attributed that difference to the distinct state laws at play. *See Kalb*, 8 F.3d at 134 (distinguishing Eighth Circuit's decision in *In re Ozark* "only because under applicable Arkansas state law, [the alter-ego] claims could not be brought by the corporation and thus, were not property of the estate").

The Fourth Circuit applied Virginia law to determine whether claims were property of the estate in *Steyr-Daimler-Puch of America Corp. v. Pappas*, 852 F.2d 132 (4th Cir. 1988). Like the other circuits, the Fourth Circuit observed that "[f]ederal bankruptcy law looks to state law for definition of what interests are rights of the debtor or creditors of the debtor." *Id.* at 135. And the court recognized that "courts that have confronted the issue whether an alter ego claim can be brought by the trustee have . . . looked to the nature of that claim under state law." *Id.* Accordingly, the Fourth Circuit examined Virginia law and concluded that, because "an alter ego claim, under Virginia law, is property of the corporation . . . it becomes property of the bankruptcy estate over which the trustee has control pursuant to 11 U.S.C. § 541." *Id.*

The Seventh Circuit endorsed the same approach in *Koch Refining v. Farmers Union Central Exchange, Inc.*, 831 F.2d 1339 (7th Cir. 1987). Again, the court held that "[s]tate law determines whether property is an asset of the debtor" and so "turn[ed] to the law of the state in which legal or equitable title to the cause of action is asserted." *Id.* at 1344-45. Because it was unclear which state's law governed, the Seventh Circuit examined both Illinois and Indiana law. *See id.* And the court ultimately concluded that under both states' laws, "a bankruptcy trustee can bring an alter ego claim of action" and thus those claims are "property of the estate" under Section 541. *Id.* at 1346.

3. More recently, the Ninth and Eleventh Circuits have reiterated that state law determines whether a

claim constitutes property of the estate—even when the claim is a general claim available to all creditors. In *Ahcom, Ltd. v. Smeding*, 623 F.3d 1248 (9th Cir. 2010), for example, a creditor attempted to assert an alter-ego claim against a company's shareholders after the company declared bankruptcy. The shareholders moved to dismiss, arguing that the claim harmed "not just [the creditor-plaintiff] but all creditors and thus th[e] claim [was] exclusively the property of the trustee." *Id.* at 1249-50. In support, the shareholders cited the complaint's allegations that the shareholders "controlled, dominated and operated [the company] as their individual business and alter ego" and that they "diverted funds and other assets of [the company] for other than corporate uses." *Id.* at 1250. According to the shareholders, those allegations were "evidence that [the creditor-plaintiff] [was] improperly trying to sue for general conduct that harmed all creditors." *Id.*

The Ninth Circuit acknowledged that the complaint alleged that the alter ego "diverted corporate assets to the detriment of *all creditors*." *Ahcom*, 623 F.3d at 1250-51. The court nonetheless emphasized that "state law determines whether a claim belongs to the trustee or to the creditor." *Id.* at 1250. And under California law, the claim was not "property of the estate" because California did not recognize "a 'general alter ego claim' that a trustee can assert on behalf of all creditors." *Id.* at 1251 (citation omitted); *see Shaoxing Cnty. Huayue Imp. & Exp. v. Bhaumik*, 191 Cal. App. 4th 1189, 1197 (2011) (holding that an alter-ego claim was not property of the estate based on California law).

The Eleventh Circuit adopted a similar approach in *In re Icarus Holding, LLC*, 391 F.3d 1315 (11th Cir.

2004). *Icarus*, like *Ahcom*, arose out of creditors' attempts to assert an alter-ego claim against a debtor company's former member and president. The bankruptcy court and district court held that the alter-ego claim was property of the estate, and therefore, the debtor had exclusive standing to bring the claim. *See id.* at 1317-18.

On appeal, the Eleventh Circuit acknowledged that the creditor-plaintiffs had asserted only a general cause of action and that there were "no personal damages that [were] unique to them." *In re Icarus*, 391 F.3d at 1321. And the court recognized that liability under the alter-ego theory would extend "to all creditors of the corporation without regard to the personal dealings between such officers and such creditors." *Id.* (citation omitted). But the court explained that the general character of the claim was insufficient to make the claim property of the estate. *Id.* To constitute property of the estate, the claim also needed to "be allowed by state law." *Id.*

The Eleventh Circuit thus proceeded to consider whether, under Georgia law, "a trustee for a debtor corporation in bankruptcy can bring an alter ego action against the corporation's former principal." *In re Icarus*, 391 F.3d at 1321. After surveying the relevant precedents, the court concluded that it was "unclear whether Georgia law allows a corporation to bring an alter ego action against itself." *Id.* Accordingly, the court certified the question to the Georgia Supreme Court, *see id.* at 1322—demonstrating that the question whether a debtor can assert a claim under state law is essential to determining whether that claim qualifies as property of the estate. *See Owoc v. Liquidating Tr. ex rel. Liquidating Tr.*, __ F.4th__, 2026 WL

2294569, at *6 (11th Cir. Aug. 10, 2026) (recognizing that "Congress expressly cautioned that the Bankruptcy Code is not intended to expand the debtor's rights against others more than they exist at the commencement of the case" and that "state law often governs the extent of a debtor's property interests" (citation omitted)).

B. The Third Circuit split from this uniform view when it held that consideration of state law is unnecessary in defining the property of the estate.

The Third Circuit broke from that consensus when it altogether refused to consider state law in determining that the talc claimants' product-line claims were property of the Debtors' estate. The court acknowledged that "[t]he basic idea" underlying Section 541(a)(1) "is that state law defines a debtor corporation's property interests." Pet. App. 28a. And the court recognized that "many courts" have "adopted the basic rule that a claim is property of the estate when applicable non-bankruptcy law authorized the debtor corporation to assert it prior to bankruptcy, and the claim vindicates an injury to the debtor corporation that create[s] a secondary injury to all creditors." *Id.* at 32a.

According to the Third Circuit, however, that rule had "proved unworkable with respect to successor liability claims that were nominally vested with creditors on account of secondary harms derived from prepetition injuries to the debtor corporation." Pet. App. 32a. The court thus held that "a claim may constitute property of the estate notwithstanding whether the debtor corporation was authorized to assert it outside of bankruptcy" under the governing state law. *Id.* at 39a. In the Third Circuit's view, whether a claim is property of the estate depends exclusively on the "theory of liability" a creditor invokes and the facts that theory requires, *id.* at 41a, and "a debtor corporation's ability to assert a claim" under state law "is sufficient—but not necessary—for that claim to constitute property of the estate," *id.* at 39a n.21.

Those holdings are impossible to square with the decisions from eight other courts of appeals—each of which recognized the primacy of state law in determining whether a cause of action is property of the estate. Under those circuits' approach, a claim can constitute property of the estate *only* if the debtor could assert the claim under the relevant state law prior to the bankruptcy. That is why those courts took pains to conduct choice-of-law analyses, survey the relevant state-court precedent, and even certify the question to a State's supreme court—all of which would have been unnecessary under the Third Circuit's rule. *See, e.g.*, *Kalb*, 8 F.3d at 132 (choice-of-law analysis); *Koch Refining*, 831 F.2d at 1344-45 (analyzing claims under law of two potentially applicable states); *In re Icarus*, 391 F.3d at 1322 (certifying question to Georgia Supreme Court). It is why those circuits reached different outcomes for identically framed claims depending on which state's law applied. *Compare In re Ozark*, 816 F.2d at 1225 (Arkansas law), *with Kalb*, 8 F.3d at 134 (Texas law). And it is why two of those circuits expressly rejected the premise—endorsed by the Third Circuit—that the general character of a claim can make it property of the estate even when state law would not allow the debtor to assert the claim. *See*

Ahcom, 623 F.3d at 1250-51; *In re Icarus,* 391 F.3d at 1320.

The cases from other circuits that the court below cited (*see* Pet. App. 43a-44a) confirm the existence of the split. Both *National American Insurance Co. v. Ruppert Landscaping Co.*, 187 F.3d 439 (4th Cir. 1999), and *In re Tronox Inc.*, 855 F.3d 84 (2d Cir. 2017), addressed claims that the debtor could have asserted—and did assert—on its own behalf under the relevant state law. *See Tronox*, 855 F.3d at 104 (avoiding a choice-of-law analysis because "it is undisputed that under either" of the applicable States' laws the trustee could bring the claims at issue); *Ruppert Landscaping*, 187 F.3d at 441 (creditors' claims relied "heavily on exposing the . . . transaction to be fraudulent," sharing the same "underlying focus" as the trustee's claim).

The court below also purported to ground its reasoning in Third Circuit precedent. *See* Pet. App. 37a-39a. But even the Third Circuit previously recognized that while "section 541 defines property of the estate," courts "must look to state law to determine if a property right exists and to stake out its dimensions." *In re Nejberger*, 934 F.2d 1300, 1302 (3d Cir. 1991); *see In re Emoral, Inc.*, 740 F.3d 875, 879 (3d Cir. 2014) (observing that a claim is estate property if "the debtor could have asserted the claim on his own behalf under state law" (quoting *Bd. of Trs. of Teamsters Loc. 863 Pension Fund v. Foodtown, Inc.*, 296 F.3d 164, 169 n.5 (3d Cir. 2002)); *see also In re Wilton Armetale, Inc.*, 968 F.3d 273, 280 (3d Cir. 2020). In any event, even if the panel correctly interpreted Third Circuit precedent, that would only underscore that the split here is entrenched, and this Court's intervention is required.

II. The Third Circuit Erred in Failing to Consider State Law in Defining the Property of the Estate.

This Court should also grant certiorari because the majority approach is the correct one. The Third Circuit's contrary rule contravenes the text of the Bankruptcy Code and is inconsistent with this Court's precedent.

A. Text and precedent establish that property of the estate is determined by reference to state law.

Section 541 of the Bankruptcy Code defines estate property to include prepetition "legal or equitable interests of the debtor in property." 11 U.S.C. § 541(a)(1). The Code lists several specific examples of property interests that are not "[p]roperty of the estate." *Id.* § 541(b)(1)-(10). But the Code does not establish a rule for determining when the debtor has a legal or equitable interest in property in the first place. Thus, Section 541, most naturally understood, leaves to state law the question whether the debtor has a qualifying legal or equitable property interest in a cause of action. If the debtor has no injury that it could pursue under state law prior to bankruptcy, it has no viable argument that the creditors' direct claims against third parties are property "interests of the debtor" under Section 541(a)(1). In short, Section 541(a)(1) "is not intended to expand the debtors' rights against others more than they exist at the commencement of the case." H.R. Rep. No. 95-595, at 367 (1977); S. Rep. No. 95-989, at 82 (1978) (same).

That conclusion is consistent with this Court's longstanding recognition that "[p]roperty interests" in bankruptcy are generally "created and defined by state law." *Butner v. United States*, 440 U.S. 48, 55 (1979). *Butner* involved a dispute between a bankruptcy trustee and a mortgagee over the right to rents collected in the period between when the mortgagor declared bankruptcy and when the mortgaged property was sold in foreclosure. *See id.* at 50. At the time, most courts of appeals "regard[ed] the question whether a security interest in property extends to rents and profits derived from the property as one that should be resolved by reference to state law," as opposed to the then-applicable Bankruptcy Act. *Id.* at 52-53. The Third and Seventh Circuits, however, had "adopted a federal rule of equity that affords the mortgagee a secured interest in the rents even if state law would not recognize any such interest until after foreclosure." *Id.* at 53.

The Court ultimately "agree[d] with the majority view," holding that state law—not a "federal rule of equity"—determined whether the mortgagee was entitled to the rents. *Butner*, 440 U.S. at 53-54. The default rule, the Court explained, is that "[p]roperty interests are created and defined by state law." *Id.* at 55. And although Congress had the authority to deviate from that default in enacting the bankruptcy laws, "Congress has not chosen to exercise its power to fashion any such rule." *Id.* at 54. Instead, "Congress has generally left the determination of property rights in the assets of a bankrupt's estate to state law." *Id.*

The Court also rejected the suggestion that property interests must necessarily be treated differently in bankruptcy to create federal uniformity. *Butner*, 440 U.S. at 55. To the contrary, the Court reasoned, the "[u]niform treatment of property interests by both state and federal courts within a State serves to reduce uncertainty, to discourage forum shopping, and to prevent a party from receiving 'a windfall merely by reason of the happenstance of bankruptcy.'" *Id.* (quoting *Lewis v. Manufacturers Nat'l Bank*, 364 U.S. 603, 609 (1961)). The Court therefore concluded that "[u]nless some federal interest requires a different result, there is no reason" to analyze property interests differently "simply because an interested party is involved in a bankruptcy proceeding." *Id.*

Since *Butner*, the Court has consistently reaffirmed that the enactment of the Bankruptcy Code left unchanged this "'basic federal rule' in bankruptcy"—"that state law governs the substance of claims, Congress having generally left the determination of property rights in the assets of a bankrupt's estate to state law." *Raleigh v. Illinois Dep't of Revenue,* 530 U.S. 15, 20 (2000) (citation omitted); *see Nobleman v. American Sav. Bank*, 508 U.S. 324, 329 (1993) ("In the absence of a controlling federal rule, we generally assume that Congress has 'left the determination of property rights in the assets of a bankrupt's estate to state law,' since such '[p]roperty interests are created and defined by state law.'" (citation omitted) (alteration in original)).

Most recently, the Court applied that rule in holding that the Bankruptcy Code does not preclude "contract-based claims for attorney's fees . . . incurred litigating issues of bankruptcy law." *Travelers Cas. & Sur. Co. of Am. v. Pacific Gas & Elec. Co.*, 549 U.S. 443, 449 (2007). In that case, the court of appeals had denied a claim for attorney's fees "based solely on a rule of th[e] court's own creation . . . which dictat[ed] that 'attorney fees are not recoverable in bankruptcy for litigating issues 'peculiar to federal bankruptcy law.'" *Id.* at 451 (citation omitted). This Court rejected that approach as inconsistent with the text of the Code and the "'basic federal rule' in bankruptcy . . . that state law"—not judge-made rules of equity—"govern[] the substance of claims." *Id.* at 450-51 (citation omitted); *see also id.* at 450 (recognizing that bankruptcy courts must "consult state law in determining the validity of most claims").

B. The Third Circuit's decision contravenes the text of the Code and this Court's precedents.

The Third Circuit violated these foundational principles in holding that the talc claimants' product-line claims are property of the Debtors' estate "notwithstanding whether the [Debtors] w[ere] authorized to assert [them] outside of bankruptcy." Pet. App. 39a. The Third Circuit recognized that "state law" generally "defines a debtor corporation's property interests." *Id.* at 28a. And the court did not dispute that the Debtors lacked an independent right under state law to assert product-line and other liability claims against Brenntag. That should have ended the matter: If a debtor has no right to assert a cause of action under state law prior to the bankruptcy, that cause of action cannot be "property of the estate" within the meaning of Section 541(a)(1).

The Third Circuit nonetheless concluded that the claims were property of the estate because, in the court's view, to hold otherwise "would subvert the goals that Congress sought to advance through the Bankruptcy Code"—namely, the goal of enabling the "orderly administration and equitable distribution to all creditors of the bankrupt entity's estate." Pet. App.

39a. The court expressed concern that these aims would be undermined if "any number of states" could "endow certain creditors with a windfall recovery by vesting causes of action predicated on an injury to the debtor corporation exclusively with those creditors." *Id.*

That reasoning is flatly inconsistent with the text of the Code and this Court's precedent. This Court has repeatedly held that "nothing in the generalized statutory purpose[s]" of the Code "can overcome" the Code's text. *RadLAX Gateway Hotel, LLC v. Amalgamated Bank*, 566 U.S. 639, 649 (2012). And here, the Code's text establishes that state law—not judge-made federal common law—determines whether a debtor has a property interest in a particular cause of action. Congress easily could have established a federal bankruptcy rule to govern that determination had it wanted to. *See Butner*, 440 U.S. at 54. Indeed, Congress did establish such rules for several situations, carving out circumstances where a property interest a debtor might otherwise have had is not "[p]roperty of the estate." *See* 11 U.S.C. § 541(b). On the threshold question of what is "a legal or equitable interest of the debtor in property," however, Congress chose not to supply a federal-law definition, thus deliberately leaving that determination to state law.

This Court has also specifically rejected the suggestion that claims should be treated differently "simply because an interested party is involved in a bankruptcy proceeding." *Butner*, 440 U.S. at 55. Thus, contrary to the Third Circuit's assertion, the Code's general interest in "orderly administration and equitable distribution to all creditors," Pet. App. 39a, cannot justify deviating from state law. In fact, the Court has recognized that the application of state law advances important interests in bankruptcy: "Uniform treatment of property interests by both state and federal courts within a State serves to reduce uncertainty, to discourage forum shopping, and to prevent a party"—in this case, the tortfeasors and their corporate allies—"from receiving 'a windfall merely by reason of the happenstance of bankruptcy.'" *Butner*, 440 U.S. at 55 (quoting *Lewis*, 364 U.S. at 609).[3]

"Deciding what competing values will or will not be sacrificed to the achievement of a particular objective is the very essence of legislative choice—and it frustrates rather than effectuates legislative intent simplistically to assume that *whatever* furthers the statute's primary objective must be the law." *Rodriguez v. United States*, 480 U.S. 522, 526 (1987) (per curiam). Orderly case administration is an important objective under the Code. But "[a]s this Court has long recognized, '[n]o statute pursues a single policy at all costs.'" *Harrington v. Purdue Pharma L.P.*, 603 U.S. 204, 220 (2024) (quoting *Bartenwerfer v. Buckley*, 598 U.S. 69, 81 (2023)). The Third Circuit frustrated legislative intent—rather than serving it—when the court elevated that goal over all others, including the equally well-

[3] Even accepting the Third Circuit's premise, its concern for "orderly administration and equitable distribution to all creditors," Pet. App. 39a, does not justify departing from state law here. That interest concerns how property within the estate should be distributed among creditors; it says nothing about whether a victim's claim against a third party becomes part of the estate in the first place. A claim that the debtor never had authority to assert under state law is not an asset of the estate—so the absence of that claim would not disrupt orderly distribution.

recognized objective of the uniform treatment of property interests by state and federal courts.

Nor is there any support for the Third Circuit's assertion that reliance on state law will "invite any number of states to endow certain creditors with a windfall recovery by vesting causes of action predicated on an injury to the debtor corporation exclusively with those creditors." Pet. App. 39a. Applying state law to determine the nature of property interests is a feature, not a bug, of the bankruptcy system. Congress did not "leave to individual judges the question of whether state laws should be accepted or disregarded" based on a court's policy concerns. *Callaway v. Benton*, 336 U.S. 132, 141 (1949). And this Court has knowingly restrained itself from forcing federal uniformity in bankruptcy, despite recognizing that "the laws of the state in certain particulars . . . may lead to different results in different states." *Stellwagen v. Clum*, 245 U.S. 605, 613 (1918); *see Rodriguez v. FDIC*, 589 U.S. 132, 137 (2020) ("[S]tate law is well equipped to handle disputes involving corporate property rights."). In any event, every circuit to consider the question has—for decades—held that state law governs whether creditors' claims against third parties are property of the estate. *See supra* Section I. The consequences the Third Circuit feared have never materialized, and there is no basis for concluding that they now will.

III. The Question Presented Is Exceptionally Important.

The question presented determines who controls tort victims' claims against third parties in every mass-tort bankruptcy: the victims who suffered the injuries, or the debtor whose conduct caused that harm.

This question recurs in bankruptcies involving asbestos, talc, opioids, PFAS, and other harmful products, where successor-liability or alter-ego claims against solvent third parties are often the victims' only meaningful path to compensation. And the answer carries enormous consequences. If those claims are property of the estate, the debtor may seize, settle, and extinguish the claims—claims that, as demonstrated here, are all too often asserted against affiliates of the debtor itself—without the victims' consent and over their objection. The decision below thus does far more than misread Section 541(a)(1) and this Court's precedents. It reallocates control over billions of dollars in pending and future tort claims from the victims to the parties responsible for their injuries. In that regard, the panel decision lays the groundwork to circumvent this Court's recent decision in *Harrington v. Purdue Pharma L.P.*, 603 U.S. 204 (2024), and undermines the central role of state law in federal bankruptcy.

A. The decision below supplies a blueprint for evading *Purdue* and Section 524(g).

In *Purdue*, this Court held that the Bankruptcy Code does not permit a debtor to extinguish claims against a nondebtor "without the consent of affected claimants." 603 U.S. at 227. The Court grounded that holding in the Code's structure: Section 524(e) provides that a debtor's discharge "does not affect the liability of any other entity," and Congress departed from that rule against third-party releases in only one place—Section 524(g), a provision that governs asbestos bankruptcies. There, it imposed exacting conditions, including approval by seventy-five percent of the affected claimants. 11 U.S.C. § 524(g)(2)(B)(ii)(IV)(bb); *Purdue*, 603 U.S. at 215, 221-22. A bankruptcy court's powers, the Court emphasized, "do not endow it with the power to extinguish without their consent claims held by nondebtors against other nondebtors." *Purdue*, 603 U.S. at 220-21.

The decision below licenses precisely that result by other means. Under the Third Circuit's rule, a debtor need not satisfy Section 524(g)'s conditions or obtain any claimant's consent to release a third party. It need only persuade a bankruptcy court that the victims' claims against the nondebtor rely on general facts about the nondebtor's relationship with the debtor—a showing the court below held requires no consideration of whether state law gave the debtor any right to those claims at all. Once the claims are recharacterized as estate property, the debtor may settle and release them under Bankruptcy Rule 9019, which requires no creditor vote, no supermajority, and no consent. *See* Fed. R. Bankr. P. 9019. The careful limits this Court enforced in *Purdue* fall away entirely.

That is not a hypothetical risk—it is the record of this case. Days after securing the ruling characterizing tort victims' third-party claims against Brenntag as property of the estate, the Debtors moved to settle with their own indemnitor and corporate parent, releasing Brenntag and Berkshire from every claim the order swept in. *See supra* at 7. The victims whose claims would be extinguished had no seat at the table; their claims were negotiated away by the very entities responsible for the underlying injuries, at a fraction of the claims' value. If the settlement is approved, thousands of current and future mesothelioma victims will lose their state-law remedies against solvent nondebtors without casting the vote Section 524(g) guarantees them. And the estate-property ruling below is the linchpin of the entire arrangement. Without it, the release of Brenntag and Berkshire would be impossible.

The incentives this blueprint creates are perverse. A corporate family facing mass-tort liability can separate valuable assets from those liabilities—by placing assets with affiliates or with a third party (in exchange for indemnification)—and then use the liability-laden shell's bankruptcy to purchase peace for both the corporate family and any third-party purchaser. That peace will be bought at a discount in a hopelessly conflicted transaction. The victims' direct claims against solvent nondebtors will be extinguished, while the settlement consideration will be dictated long before the victims get to vote on any plan.

Several recent bankruptcies confirm that this is not an isolated episode, but an emerging liability-management playbook for corporate tortfeasors seeking to resolve their mass-tort liability in bankruptcy for a discount.[4] In each of these cases, the debtor tried to

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[4] *See, e.g.,* Mot. of Debtor for Entry of Order Approving Settlement Agreement with Weir Group PLC & Affiliates, *In re Valves & Controls US, Inc.*, No. 25-11403 (Bankr. D. Del. Aug. 1, 2026), Dkt. 558 (debtor in asbestos bankruptcy seeking approval to settle estate claims against parent company and purchaser of its operating business assets); Mem. Decision on Mot. to Approve Global Settlement, *In re Vanderbilt Minerals, LLC*, No. 26-60110 (Bankr. N.D.N.Y. Apr. 27, 2026), Dkt. 491 (approving settlement of alter-ego and successor-liability claims between a debtor corporation and its nondebtor parent and affiliates in asbestos-related bankruptcy); Debtors' Mot. for Summ. J. with Respect to Counts I & II of the Compl., *In re BMI Oldco Inc.*, Adv. P. No. 25-03102 (Bankr. S.D. Tex. Mar. 24, 2025), Dkt. 2 (debtors seeking declaration that certain creditors' claims against their parent companies are property of the estate in asbestos-related bankruptcy); Mot. of Debtors Pursuant to 11 U.S.C. §§ 363(b) and

use chapter 11 to extinguish claims against solvent corporate affiliates or allies through settlements negotiated between co-defendants without tort victims at the table.

The increasing proliferation of these tactics necessitates this Court's intervention. Without it, *Purdue*'s consent requirement will be a dead letter in any case where a corporate family loads one debtor-entity with liabilities while keeping the family's assets out of bankruptcy, and Section 524(g)'s protections will bind only those debtors imprudent enough to opt into the framework Congress specifically designed for asbestos bankruptcies.

B. The decision below nullifies remedies the States deliberately created for tort victims.

The product-line doctrine is not an incidental casualty of the decision below. It is a considered judgment by California, New Jersey, and other States that "otherwise defenseless victims of manufacturing defects" should be able to recover from a successor that profits from the defective product line that injured them. *Ray v. Alad Corp.*, 560 P.2d 3, 8-9 (Cal. 1977); *see also Ramirez v. Amsted Indus., Inc.*, 431 A.2d 811, 825 (N.J. 1981). The doctrine, and similar ones, exist precisely because the predecessor is often unable to compensate its victims—the situation every mass-tort

105(a) & Fed. R. Bankr. P. 9019 and 6004 for Entry of Order Approving Settlement Agreement with Natura & Co. Holding S.A. & Affiliates, *In re AIO US, Inc.,* No. 24-11836 (Bankr. D. Del. Aug. 14, 2024), Dkt. 65 (debtors seeking approval of settlement of estate claims against parent company and other corporate affiliates in asbestos-related bankruptcy).

bankruptcy presents. Under the decision below, however, the remedy vanishes. The filing of a bankruptcy petition transfers the victims' claims to the debtor, and the debtor may then extinguish those claims at a discount that benefits its corporate allies. For the victims the States set out to protect, the remedy now fails when they need it the most.

The Third Circuit's reasoning could also extend to other forms of successor liability or alter-ego actions, allowing federal courts to integrate into the estate additional causes of action—unrestrained by the state laws that create them. The decision thus not only misinterprets the nature of product-line liability—it also undermines the core tenet of federalism incorporated in the Bankruptcy Code, embraces a sweeping new form of bankruptcy jurisdiction, and erodes the protections afforded to tort victims under federal law.

At bottom, the question is who decides how the causes of action arising from a mass-tort disaster are defined and who may pursue them: the sovereign States that created the remedies, or a federal court applying its own policy judgment. Given the recurring nature of this issue and its profound consequences for tort victims, alter-ego entities, successor entities, and the bankruptcy system as a whole, it is critical that this Court grant certiorari to clarify the role of state law when courts determine whether a cause of action belongs to the bankrupt's estate or to the debtor's tort victims.

IV. This Case Is the Ideal Vehicle.

This case presents the question cleanly, and the answer will be dispositive. The court below did not overlook state law or reserve the question; it held, in no uncertain terms, that "a debtor corporation's ability to assert a claim under applicable non-bankruptcy law is sufficient—but not necessary—for that claim to constitute property of the estate." Pet. App. 39a n.21. That holding was the foundation of the judgment. The court declined to consider whether any State's law authorized the Debtors to assert the product-line claims precisely because, under its rule, the answer did not matter. *Id.* at 39a-41a. If this Court holds that state law governs the inquiry—as eight circuits have concluded—the judgment cannot stand.

The question also arrives unencumbered by factual disputes. Whether Section 541(a)(1) permits a court to deem a creditor's claim estate property without consulting state law is a pure legal question. The bankruptcy court itself certified its order for direct appeal on the ground that no further factual or legal development was needed, Pet. App. 183a-186a, and the Third Circuit agreed, accepting the certified appeal under 28 U.S.C. § 158(d)(2), *id.* at 14a-15a. Petitioner pressed the state-law requirement at summary judgment, on direct appeal, and on rehearing—and the panel reaffirmed its holding in an amended opinion that specifically held "[f]or the sake of clarity" that a debtor need not be able to assert a claim under state law "for that claim to constitute property of the estate." *Id.* at 39a n.21.

In short, the petition presents a recurring question of federal bankruptcy law, on undisputed facts, resolved below in a way that created an acknowledged conflict with eight circuits. The Court is unlikely to see a cleaner vehicle for resolving it.

CONCLUSION

The Court should grant the petition for a writ of certiorari.

Respectfully submitted,

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