Landmark Win for Saildrone in Court Challenge to Navy's $2.1 Billion Unmanned Vessel Competition

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Selendy Gay secures ruling that the Navy unlawfully excluded Saildrone, after the Court of Federal Claims rejected the government's claim that Other Transaction (OT) competitions are beyond judicial review.

In a decision with implications far beyond a single competition, the U.S. Court of Federal Claims has ruled for our client Saildrone in its challenge to the U.S. Navy's decision to eliminate the company from the Navy's $2.1 billion Medium Unmanned Surface Vessel (MUSV) program. Saildrone's proposal met or exceeded every requirement in the Navy's solicitation, yet the Navy excluded the company after wrongly deeming it non-compliant on all three evaluation criteria. When Saildrone challenged those determinations in court, the Navy promptly abandoned two of them. On October 29, 2026, the court rejected the sole remaining determination, finding the Navy's review arbitrary and capricious. It determined that Saildrone was unlawfully excluded, ordered the Navy to reevaluate Saildrone, and barred the Navy from committing more than $1.5 billion to the program until it does.

The victory caps a case that has already produced what InsideDefense.com described as a potentially "landmark" ruling. Judge Philip S. Hadji rejected the government's argument that the Court of Federal Claims had no power to hear challenges to Other Transaction (OT) competitions. OTs are streamlined agreements that agencies increasingly use for research and prototyping, and they now steer billions of dollars in defense spending. The government argued that the Navy's prototype competition fell outside the court's bid-protest jurisdiction. Judge Hadji disagreed, holding that the competition was sufficiently connected to the Navy's ultimate procurement of the vessels. The court emphasized that the Navy had structured the competition as a "direct, competitive down-select" for production, and that a company eliminated in the first phase would be shut out of the production stage.

Saildrone is a leading provider of autonomous vessels that are proven in real-world operations. It entered the MUSV competition to put that technology to work for the Navy. Facing the full weight of the federal government, Saildrone asked for a fair chance to compete. The court has now made sure it gets one.

"This decision makes clear that the government can't place a major procurement beyond judicial review by using its OT authority," said Selendy Gay partner Laura King. "When billions of taxpayer dollars and a path to a federal contract are at stake, companies must have a meaningful way to challenge an unlawful decision, and agencies must follow their own rules."

"Saildrone has spent years proving what it can do at sea," King added. "All it wanted was a fair evaluation. Now it will get one, and every company competing for these programs will benefit."

Selendy Gay partners Laura King and Faith Gay represented Saildrone, along with Corey Stoughton, Gabrielle Kanter, John Juenemann, and Samuel Axelrod, and co-counsel Carla J. Weiss of Nichols Law. The case is *Blue Water Autonomy Inc. et al. v. United States.*

Attorneys

- Faith E. Gay
- Laura King
- Corey Stoughton
- Gabrielle Kanter
- John R. Juenemann
- Samuel Axelrod