

Expansions to the Texas Business Court Are Coming

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Both houses of the Texas Legislature have passed House Bill 40, which will bring significant changes to the Texas Business Court. The Bill is expected to be signed by Governor Abbott soon and take effect on September 1.

Most notably, the Bill expands the Business Court's jurisdiction in several ways, including:

- Reducing the \$10 million amount-in-controversy requirement (which is applicable to a “qualified transaction” and certain other types of disputes) to \$5 million;
- Expanding the definition of a “qualified transaction” to include a “series of related transactions,” allowing parties to meet the requisite monetary amount through multiple, smaller transactions;
- Adding certain actions related to intellectual property and trade secrets to the Business Court's jurisdiction; and
- Granting the Business Court jurisdiction to enforce arbitration agreements and review arbitral awards in cases with a claim that otherwise falls within the Business Court's jurisdiction.

The Bill also requires the Texas Supreme Court to establish procedural rules for the prompt, efficient and final determination of the Business Court's jurisdiction—considering the Business Court's intended purpose of efficiently addressing complex business litigation in a manner comparable to or more effective than the business courts operating in other states.

There was much discussion in the Legislature about expanding the Business Court's supplemental jurisdiction over claims that do not otherwise fall under the Business Court's jurisdiction but are related to claims that do, including abolishment of the requirement that all parties and the judge must agree to the exercise of supplemental jurisdiction. However, the final version of the Bill keeps the supplemental jurisdiction rule intact.

Beyond expanding jurisdiction, the Bill makes the following changes concerning the Business Court's divisions that favor a more expansive Business Court:

- The Bill eliminates the provision that would have abolished the six divisions of the Business Court that are not yet open, absent legislative reauthorization of those divisions before September 1, 2026. Nonetheless, the opening of those divisions is still subject to funding through future legislative appropriations. Those divisions govern the less populous regions of Texas.
- The Bill moves Montgomery County—which is home to many large businesses in The Woodlands and Conroe areas near Houston—from the Beaumont (Second) Division, which is not yet open, to the Houston (Eleventh) Division, which is open. This move will provide a Business Court venue for even more cases and add to the Houston Division's docket, which is already the busiest in the state.

Due to the Houston and Dallas Divisions' busier dockets, the original version of the Bill added one extra judge for each of those divisions. However, the final version of the Bill eliminated the extra judges.

In addition, the Legislature made other relatively minor changes concerning the Business Courts' operation. Those changes, and the progress of the Bill, can be found [here](#). For further information about how the Business Court can impact your business or case, contact [David Harper](#), [Natasha Breaux](#), or any member of [Haynes Boone's Texas Business Courts Task Force](#).