



## Client Alerts

### Everything You Need to Know About the Texas Business Court's New Local Rules

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March 1 Rule Changes Bring Clarity to Jurisdiction, Discovery, Mediation, and AI Use

The Texas Business Court ("Business Court"), launched in 2024 to serve as a specialized forum for resolving complex business disputes<sup>[1]</sup>, continues to evolve as it gains practical insight from its early docket. On March 1, 2025, the Business Court implemented a new set of local rules including changes to jurisdictional norms and adapting to the increasing use of artificial intelligence. These changes are designed to provide clear expectations for parties navigating complex business disputes before the Business Court.

#### A Brief Background

Established in September 2024, the Business Court has jurisdiction over high-stakes corporate and commercial matters in Texas, including high-value shareholder disputes, derivative actions, and cases involving publicly traded companies. The Business Court currently operates in select counties, including Dallas, Harris, Travis, and Bexar, with additional divisions scheduled to launch in 2026.

#### New Local Rules Effective March 1, 2025

Effective March 1, 2025, the freshly minted *Local Rules of the Texas Business Court* ("Local Rules") provide detailed procedural guidance modeled in part on federal court practices. The rules address jurisdictional questions, corporate disclosures, discovery disputes, and mediation protocols, aiming to bring consistency and efficiency to high-stakes business litigation in Texas.

#### Key highlights of the Local Rules include:

##### Rule 2 – Case Assignment and Jurisdiction

###### Bench Exchanges

Rule 2 allows judges to "exchange benches," meaning they may act for one another in any matter pending before the Business Court. The rule is intended to minimize disruption and streamline proceedings across divisions with multiple assigned judges.

###### Supplemental Jurisdiction

Under the prior framework, the Business Court could exercise supplemental jurisdiction only if *all parties* and the presiding judge expressly agreed to the exercise of supplemental jurisdiction. The new rules adopt a default-consent model: unless a party objects or moves to sever within 30 days of the later of appearing or receiving fair notice of the claim, a party is deemed to agree to the Business Court's supplemental jurisdiction. This shift is expected to reduce procedural gamesmanship and expand the scope of claims resolved within the Business Court.

## Rule 4 – Corporate Disclosures and Discovery Disputes

### Corporate Disclosure Statement

Rule 4 introduces a corporate disclosure requirement similar to those found in federal courts such as the Northern District of Texas. Under the new Rule 4, parties before the Business Court must file a corporate disclosure statement identifying any individual or entity with a financial interest in the outcome of the litigation, including insurers, affiliates, and parent corporations. This change could provide new visibility into third-party litigation funding and may influence strategic discovery.

### Discovery Dispute Procedure

Rule 4 also outlines a new dispute resolution process for discovery disagreements. Before seeking judicial intervention, Rule 4 now requires parties to confer and attempt to resolve their discovery dispute. If the parties cannot resolve the dispute, the requesting party must submit a concise statement of the dispute, triggering a streamlined process that may include a hearing or expedited ruling at the court's discretion. Rule 4 reflects discovery dispute procedures in certain federal courts, such as District Court Judge Alan Albright's Order Governing Proceedings in the Western District of Texas and District Court Judge Karen Scholer's discovery docket in the Northern District of Texas.

## Rule 6 – Mediation and the “Mediation Wheel”

Rule 6 authorizes the Business Court to refer disputes to mediation, either on its own or at a party's request. Rule 6 also introduces a new mediation mechanism—the “Mediation Wheel”—a rotational list of pre-approved Texas mediators maintained by the clerk. If the parties are unable to agree on a mediator, the Business Court will select one from the Wheel on a rotating basis. This system is designed to move cases forward efficiently and encourage early resolution where possible.

## Rule 10 – Use of Artificial Intelligence

Finally, Rule 10 addresses the rising use of artificial intelligence (“AI”) in litigation. The rule does not prohibit AI tools. Instead, Rule 10 cites to Texas Rule of Civil Procedure 13 and Chapters 9–10 of the Civil Practice and Remedies Code to remind attorneys practicing before the Business Court of their legal and ethical obligations when using AI.

## What This Means for Litigants

The Local Rules shed light on the challenges the Business Court experienced during its first few months of operation, signaling a willingness to adapt its approach to jurisdiction, discovery, mediation, and even emerging technologies like AI. For businesses and practitioners, this responsiveness offers some reassurance: the Business Court is listening, adjusting, and working toward a procedural framework that balances efficiency with the realities of high-stakes litigation.

As more divisions open and procedural guidance continues to develop, litigants should stay current on evolving local rules as the Business Court develops its expectations.

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[1] Read more about the Texas Business Court: <https://www.munckwilson.com/news-insights/texas-business-courts-overview/>

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